1925

REPLY OF

BOARD OF PUBLIC SERVICE COMMISSIONERS

Of the City of Los Angeles

— TO THE —

Proposal and Accompanying Documents

DATED NOVEMBER 29, 1924

SUBMITTED BY W. W. WATTERSON

— TO —

LOS ANGELES CLEARING HOUSE ASSOCIATION

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Los Angeles, California,
January 6, 1925.

Mr. J. A. Graves,
President,
Los Angeles Clearing House Association,
Los Angeles, California.

Dear Sir:

Pursuant to your request that you should be furnished with a statement in answer to the allegations contained in the various documents submitted to you by Mr. W. W. Watterson, President of the Owens Valley Irrigation District; and other individuals, in connection with a communication to you, dated November 29, 1924, the following statement is submitted:

The case presented to the Clearing House of Los Angeles in the said statement is devoid of a single instance of wrongdoing on the part of Los Angeles, its officials, or agents. At the outset, the following irrefutable statements are submitted:

A. The City purchased all of its lands and water rights in Owens Valley from parties who, with but relatively few exceptions, were and still are citizens and residents of that valley. If the City did wrong in buying, they did wrong in selling.

B. The City purchased such property in free, open and voluntary negotiations, without condemnation or use of compulsion. In every case the owner desired to sell and received his price.

C. The City paid for such property at least the full market value thereof; and in nearly every case from ten to one hundred per cent more than could be obtained from any other possible customer, either for the particular property bought or for similar property, either in Owens Valley or any other part of California.

D. In many cases the property was heavily mortgaged, at very high interest rates, to the Watterson Bank, or interests it represented, and it was generally understood that payment of such mortgages through sale to the City was most welcome to that bank.

E. The Owens Valley Irrigation District of which Mr. W. W. Watterson signs himself as President, never owned,

controlled or operated any works, water, or water rights in Owens Valley. All it has is a bonded debt of $471,500, the usual officials and a payroll. The bonds are part of an authorized issue of $1,650,000.00, and were sold February 14, 1924, at a discount, the proceeds of the sale being $417,210.00. The ostensible purpose of the sale of bonds was the buying of canals and water rights required by the District. No property has been bought, however, and the money derived from the sale of the bonds, or what is left of it, is held by the Watterson Bank.

Before proceeding to a detailed consideration of the aforesaid statement, it may be well to call attention to the fact that the whole Owens Valley situation, and all the negotiations which the City has had with the residents of that valley looking to a general settlement of water rights, have been vitally affected by local controversies within that valley. These controversies have sprung out of limitations in natural stream flow and shortage of water supply for irrigation, making storage necessary to the further development of the valley. Even prior to the inception of the Aqueduct project, as new canals were from time to time built and others extended, controversies arose between the owners of old established water rights and those seeking to extend the irrigated areas. Also, whenever the question of storage arose, the owners of the older ranches with first-class rights, and an abundant supply of water, were indifferent to storage, while the owners of those lands which had a limited water right, or none at all, were anxious for storage. The City in succeeding to some of these rights became involved in the controversies, and, as suggestions of settlement from time to time were made, involving questions of storage, plans which would meet with the favor of one class of owners would be opposed by another, so that, notwithstanding practically continuous efforts to arrive at an adjustment satisfactory to everyone, no solution acceptable to all of the residents of the valley has ever been suggested by any of them or by the City. Later when the Owens Valley Irrigation District was organized under the so-called Wright Irrigation Act, it became involved in these controversies. That act contemplates the organization of districts to cover

areas of land which may be irrigated from a common source of supply, and the cost is met by an ad valorem tax on the property within the district. Naturally, the property of the highest value is that which has already been irrigated, and has the least need for additional water supply. It is the owners of the unirrigated or partially irrigated lands, who usually advocate the organization of a district, and benefit most therefrom, but largely escape the burden of taxation. The Owens Valley Irrigation District is no exception to this general rule, and its organization served to intensify the old controversies. These controversies have occasioned much friction and trouble in the valley, and have been skillfully made to appear to be the result of acts of the City. As a matter of fact, the people of the valley have never been, and are not now, a unit in their desires as to what shall be done either by the City or by the Irrigation District, and the problem of arriving at an adjustment of the whole matter which will be fair and satisfactory to all concerned, is exceedingly complex.

Giving consideration in detail to the various allegations in Mr. Watterson's document, the same arrangement as in the papers submitted by him will, for convenience, be followed herein and each paragraph replied to separately. It is assumed that you consider newspaper comments and editorials, such as the portion of an editorial from the Los Angeles Times quoted by Mr. Watterson, are of no weight in an investigation of the kind you are entering upon, and that you will not care to review them. If they were relevant, however, dozens of editorials condemning the actions of the Owens Valley people could readily be furnished.

Due to your desire for an immediate answer, the material presented herein is limited to that which could be assembled at short notice. The portions of the Watterson statement specifically replied to herein are quoted. The fact that any portion of the document is not replied to is not to be understood as an admission of its accuracy. In most cases such portions have been passed over because unimportant; and in some cases because the material for a detailed reply must be obtained from government or

other records not at hand. Such additional information as may seem necessary can of course be supplied later.

For convenient reference the paragraphs in the Watterson documents have been consecutively numbered, commencing with the first paragraph under the heading "History and Statement," and the answers arranged in accordance with such paragraph numbers. Where more than one matter is referred to in a single paragraph, the paragraph has been subdivided and separate statements have been made.

"HISTORY AND STATEMENT."

Par. 2-a. "The visitor entering from the south first reaches Lone Pine, surrounded by lands, most of which have been bought by Los Angeles and which are reverting to primitive wastes."

ANSWER: The City of Los Angeles has bought not to exceed one hundred acres of *cultivated* land in the vicinity of Lone Pine. This land has been continuously farmed since its acquisition by the City, the condition of the land greatly improved, and the cultivated area increased. During the recent excessively dry years there would have been insufficient water for this ranch, even if the City's share of the water had not been turned into the aqueduct, and the alfalfa would have suffered, as it has done on many other ranches in the valley and elsewhere in the State. The other lands in the vicinity of Lone Pine purchased by the City were previously used only for grazing. They are still available and used for that purpose.

Par. 2-b. "Next to the north is Manzanar, a large body of fine level land on which many orchards were thriving before Los Angeles bought the streams used for irrigation, but now going to destruction."

ANSWER: The orchards referred to were planted several years after the City of Los Angeles entered upon its aqueduct project. The lands were purchased by the City within the last few months. The City has announced, and intends to follow, the policy of preserving these orchards and continuing their irrigation. In common with many other orchards in California, they suffered from the lack of water during the past summer, both before and after the City's purchase, but the lack of water was due to the extremely low stream flow, and the lack of power to pump water, conditions which have been general throughout the State and for which the City is in nowise responsible. It is not true that these orchards are now going to destruction.

Par. 3-a. "Independence, the county seat, is no longer the central point for many fine farms; the ground is there, but from beneath it the water is being forced by power pumps and from the surface the streams are being taken to pour into the Los Angeles Aqueduct."

ANSWER: A relatively small amount of surface water has been taken by the City from Independence Creek. Such drying up of farms in that vicinity as has occurred within the last year or two has been due principally to the extreme drought, and much of it would have occurred even if the City had not diverted any of the surface water. The pumping by the City in this region is from deep strata, and does not affect the surface conditions on the cultivated land, which land is irrigated from surface supplies.

Par. 3-b. "Camp Independence and Aberdeen are two or three miles and a dozen miles, respectively, beyond. Aberdeen is defending itself against ruinous subdrainage; the other is already in transition from producing acreage to the waste that ownership by Los Angeles has come to mean. Here and there along the way through the valley are other abandoned farms."

ANSWER: There has been no drying up of cultivated lands in the vicinity of Camp Independence until the present year, when, owing to the extreme drought, there has been but one-quarter of the usual supply for these ranches. The greater part of such land as has been purchased by the City was so purchased within the last three months; the former owners are still in possession, and have used *all* of the water flowing in Oak Creek, the stream which supplies the land. None of it has reached the Aqueduct.

The statement about Aberdeen evidently refers to a pending suit brought by some of the Aberdeen farmers to enjoin pumping by the City of Los Angeles in the Independence region. The nearest

pumped wells of the City are at least nine miles from these lands, and by far the greater number of the wells mentioned in the suit are from ten to fifteen miles from the lands. The case has not yet been tried, but on a preliminary application for an injunction, and after a full hearing, the court decided that the City's pumping was not affecting the water on the Aberdeen lands, and denied the injunction.

Most of the Aberdeen lands were vacant government lands until long after the Aqueduct had been constructed and was in operation, and none of them were cultivated until within the last five or six years.

Par. 4. "Big Pine is next, its business men facing loss of all they have built because the City has bought the surrounding farms. Once fine orchards and splendid fields bordered the roadside, the trees dying, the fields destroyed for usefulness by the taking of their irrigation supply for the Aqueduct."

ANSWER: There has been no drying up of cultivated lands in the vicinity of Big Pine until the present year. The City purchased lands in this vicinity in the fall of 1923, and its policy is and has been to maintain the ranches. The drying up which has occurred during the present year has been due to the extreme drought, and much of it would have occurred even if the City had not purchased the lands, for the reason that there was not sufficient water in the valley to irrigate all the lands formerly in private ownership.

A proposition was recently made to the City by a committee representing the Big Pine interests, with reference to the maintenance of 3000 acres of agricultural lands in the vicinity of Big Pine for the support of the business interests of that town. The proposition has been approved by the City of Los Angeles, and the details are now being worked out with the Big Pine committee, with the prospect that an arrangement entirely satisfactory to the Big Pine people will be made.

Par. 5-a. "Across the valley speads the blight of Los Angeles, until gradually the Bishop area is entered."

ANSWER: The inference that Los Angeles has devastated this area is without foundation. But little of the land between Big Pine and Bishop purchased by the City was ever cultivated, or used for any purpose other than grazing, and it is as valuable and available now as it ever was for that purpose.

Par. 5-b. "Here many other farms and homes are doomed as elsewhere, but here also is the only section in which the City's influence is not predominant. And even here it is in one way predominant, for values and credit have largely been destroyed by the uncertainty of the future."

ANSWER: The assertion that "At Bishop other farms and homes are doomed" is without foundation. The Board of Public Service Commissioners and the Special Committee which has been negotiating with the Bishop people have recognized that, as stated by Mr. Watterson, the town of Bishop is a thriving community and should be preserved as such. Because of that fact the Committee and the Board have desired to see a farming area of 27,000 acres left intact in the Bishop area, in order that it may be preserved. The Board feels that the activities of the City of Los Angeles in the Owens River Valley have contributed in no small measure to the properity and well being of the town of Bishop and the Owens Valley generally. At the inception of the Aqueduct project, Bishop was a community of 750 inhabitants. Even in 1910, five years after the inception of the Aqueduct project, it had an assessed valuation of real estate and operative property of only $391,110. Today the population is approximately 1500, and the assessed valuation of real estate and operative property is $899,930. The City of Los Angeles was directly responsible for the building of the standard gauge railroad of the Southern Pacific from Mojave to

the Owens Valley, which has given a direct outlet from the valley to other portions of California. Before the construction of the railroad the valley had as its principal market the mining towns of Nevada. The valley has also profited by the construction by the City of Los Angeles of power distributing systems in the towns of Lone Pine, Independence and Manzanar, and by the encouragement of industry around Owens Lake by the selling of power at low rates. The City has also encouraged agriculture in various parts of the valley by the sale of power for pumping at low rates. The construction operations of the City have furnished employment to many residents of the valley, and a market for many of its products. Records will show that it has been the policy of the City to purchase in the valley such material and supplies as could be there obtained. The City took the lead in having the State Constitution amended so that it would be legal for it to pay taxes in the valley. Even before this amendment the City, although its lands were exempted from taxation by the Constitution, voluntarily paid taxes thereon for several years. The City is now, and ever since its advent into the valley has been, the largest taxpayer in the county. Taxes paid by the City in Inyo County for the fiscal year 1923 amounted to $41,016.49, the total taxes paid in the county during the same period being $284,002.12. For the current year the taxes being paid by the city are approximately $70,000. The assessed valuation of Inyo County has increased from $2,487,154 in 1905 to $11,031,-755 in 1924.

The purchases by the City of Los Angeles of lands in the valley have poured millions of dollars into that valley, and have probably been the largest contributing factor to the increase in wealth and prosperity which has occurred there since the City commenced its operations.

"American Communities."

Par. 6. "It is a valley of high productiveness, and should be supporting several times its present population."

ANSWER: A relatively small portion of the Owens Valley is even of average productiveness as compared with other valleys in California. Even before the City of Los Angeles went to the valley for its supply, the limit of available water supply for agricultural use had practically been reached. and a substantial area of additional lands could only have been brought under cultivation through storage. The lands which had not already been irrigated and which would benefit by storage were of such low quality as to make it probable that they could not have stood the cost of storage.

"Water Not for Municipal Use."

Par. 8. "One more fact is to be understood in considering the controversy between Los Angeles and Owens Valley, to-wit: The City is not after more water for meeting its own corporate needs, but for irrigating lands nearer to its own borders, or taken within them in order to give color of municipal use to such irrigation. It has water enough for every use that is legitimately a part of city government. Let that not be forgotten."

ANSWER: The absurdity of this claim is fully shown by Mr. Watterson's own communication. The statement of his engineer appearing in that communication, after undertaking to review the water resources of Los Angeles, states:

"From these figures it is apparent that the City of Los Angeles has an actual and pressing domestic need for all available water in Owens Valley which can be obtained at fair prices." (Paragraph 114 of Statement.)

Such use of Aqueduct water as is made for agricultural purposes is incidental and temporary in

character. When the Aqueduct project was undertaken nearly twenty years ago the City was obliged to provide not only for its immediate but its future needs. Necessarily there was a temporary surplus and it was economically and morally right that that surplus should be used for agricultural purposes on lands which it was reasonable to expect would become part of the City and densely populated in the course of the City's growth, in order that the transition from agricultural use to domestic use of what was originally surplus, might occur without changing the place of use of the water. A further and important reason for using the temporary surplus in the San Fernando Valley was that that valley constitutes the watershed of the Los Angeles River, which was then, and still is, an important source of supply for the City. Fifty per cent of such water as has been used for irrigation in the San Fernando Valley has gone into the ground, and is available and being extracted by the City, and used for its strictly domestic needs. Furthermore, it will be only a few years until the San Fernando Valley itself is as thickly populated as the other residence portions of the City of Los Angeles. A substantial portion of the San Fernando Valley has already assumed an urban character, the population of that portion of the valley within the Los Angeles city limits now being approximately 30,000, and of the entire valley over 100,000. The wisdom of the City in constructing its Aqueduct of four hundred second feet capacity is thereby justified. It is a noteworthy fact that the City is not seeking to take or obtain from Owens Valley any quantity of water in excess of that which it was known from the beginning, by both the people of Owens Valley and elsewhere, that the City intended to secure from that source. The City has not changed its policy, nor enlarged its enterprise as regards the amount of water it intended to provide for its inhabitants. That the City of Los Angeles is acting in good faith in seeking to obtain a full supply for

its Aqueduct from the Owens Valley, is clearly shown by the fact that it is considering the expenditure of many millions of dollars to bring an additional water supply from the Colorado River.

"Reclamation Project."

Par. 9-a. "In 1903 the Reclamation Service began investigations for a project in Owens Valley. It was welcomed by the citizens, among whom were those who had located storage sites at mountain lakes. Officers of the service said that public cooperation was essential, and in consequence an agreement was circulated and generally signed, in effect placing the valley's water rights acquired by years of appropriation and use, at the disposal of the service when the project should require them."

ANSWER: The petition referred to was general in character, and was signed by a number of ditch companies, and individual water users who had appropriations, and it signified a willingness on the part of the signers to transfer their water rights to the Government, should the project materialize, but no actual transfers of legal title were ever made. It was not then, and never has been, the practice of the Reclamation Service to acquire property in connection with a reclamation project in advance of the formal authorization of the project by the Secretary of the Interior.

Par. 9-b. "The storage locations were also placed at the command of the Government to be incorporated in the big plan which would develop these resources on a scale utterly beyond any private enterprise."

ANSWER: The storage locations referred to are evidently those made at Convict Lake and Rock Creek Lakes. At Convict Lake the Associated Ditches of Owens Valley posted a notice of appropriation of water, in accordance with the laws of the State of California, and filed an application for

the right of way with the U. S. Department of the Interior. An application was also made to the State of California for the purchase of school land at the dam site, and a cash deposit made. At the instance of the Reclamation Service these initiated rights were allowed to lapse. At the Rock Creek Lakes appropriations and filings with the Interior Department were made by Galen and W. G. Dixon. The locators did not allow their filings to lapse, but pressed them before the department. Their application to the U. S. Interior Department for right of way was, after considerable delay, denied by the department. The only storage location which could be considered as having been placed in the hands of the Government was that at Convict Lake, where the filings were allowed to lapse. This was later filed upon by residents of the Owens Valley, and is still held by them.

Par. 10-a. "The project was found feasible in all respects; and it was estimated that it could be completed at a lower cost per acre than any other that had been constructed by the Service.

ANSWER: At the time the Owens Valley project was being considered the Reclamation Service had authorized certain projects in the West, but had not yet constructed any projects. The experience of the Service has been that, in a number of projects, the cost has far exceeded the value of the land when water was placed upon it. The best land and the cheapest to irrigate in the Owens Valley was already under irrigation at the time the project was proposed, and, judging by the experience of the past twenty years in the projects which the Service has built, it is very doubtful whether the dry lands in the Owens Valley could have stood the cost of storage. With regard to the feasibility of the project the following quotations from the Third Annual Report of the U. S. Reclamation Service, by the chief engineer, dated

September 2, 1905, regarding the Owens Valley project, are pertinent.

"On September 3, 1904, all surveys were discontinued for the season owing to delays in obtaining machinery for determining the bedrock conditions at the Long Valley dam site. Elaborate surveys will not be made prior to this determination, because if it be unsatisfactory the entire project will fall."

From the Fourth Annual Report of the Service, dated November 29, 1905, page 96, it appears that borings were made at the Long Valley dam site during the months of May to August, 1905, bedrock being reached at sixty-six feet. The following sentence then occurs: "It is quite possible that bedrock at less depth could be found at other places in the canyon, but under existing conditions it was considered inadvisable to make any further expenditures of funds largely because the prospect of constructing the dam appears quite remote." Also, the following paragraph appearing on page 72 of the Sixth Annual Report of the Service, dated November 30, 1907:

"No further work has been done in Owens Valley except the continuance of stream gauging. In the early part of the fiscal year some explorations were made to determine the depth to bedrock at various dam sites, but no detailed surveys or investigations have been made."

Nowhere in the annual reports of the Reclamation Service does the statement appear that the "project was found feasible in all respects." The above quotations show clearly that investigations for the project were never completed and that no final conclusion as to feasibility was reached.

While complete files of the documents relating to this matter are, of course, only available at Washington, the following letter appearing in the first annual report of the Los Angeles Aqueduct shows that even if the City of Los Angeles had not desired

to obtain any water supply from the Owens River Valley, the proposed Owens Valley Reclamation Project would probably have fallen through for lack of funds.

DEPARTMENT OF THE INTERIOR.
UNITED STATES GEOLOGICAL SURVEY.
RECLAMATION SERVICE.

Washington, D. C., Jan. 25, 1907.

"The Honorable, The Secretary of the Interior.
Sir:

"I have the honor to acknowledge receipt of Departmental letter of the 16th inst. in relation to the Owens Valley Project. The Department asks whether I am still of the opinion that action should be taken as recommended in my letters of July 19 and August 2, 1906, and if so, why in my judgment, such action should be taken.

"In said letters I based my recommendation upon the fact that the funds available under the Reclamation Act would not admit of taking up for consideration any project in the Owens Valley.

"The conditions in regard to available funds have not changed and consequently I see no reason for modifying my former recommendations. In my letter of December 24, 1906, I stated that the petition concerning a sub-project known as the Fish Slough, had, in accordance with the suggestion of the Owens Valley Water Protective Association, been referred to Mr. Taylor for report. This question has heretofore been reported upon by Mr. Taylor so that nothing further is to be expected from him on this subject except a discussion of the matters presented in the petition.

"In my letter of July 19, 1906, I recommended that, subject to the provisions of the Act of June 30, 1906 (34 Stat. 801), for the benefit of the City of Los Angeles, the lands withdrawn for reclamation purposes in the Owens Valley project, be restored

to entry. I did not in that letter except the lands which would be available under the Fish Slough Project, because it would involve holding in reservation for an indefinite period a considerable area of land, a policy which has not heretofore been adopted by the Department, although heretofore recommended in several cases.

"If the Department is disposed to adopt the policy of holding lands in reservation for possible future projects, this office will prepare a list of lands to be retained for the Fish Slough Project in making the restoration contemplated by the Act of June 30, upon the payment of $14,000 by the City of Los Angeles to cover the expenses of the Government in connection with the Owens Valley Project.

Very respectfully,

H. C. RIZER,
Acting Director."

Par-10-b. "A Board of Engineers was called to pass upon it, as was the practice. J. B. Lippincott, then at the head of Reclamation affairs in California, agreed as to the feasibility, but advocated that the whole enterprise be placed at the disposal of the City of Los Angeles for a domestic water supply. The Engineering Board denied this and recommended following the original plan."

ANSWER: Relative to the above statement, the report of the engineering board is not at hand, but its purport is indicated by the following quotation from the Fourth Annual Report of the U. S. Reclamation Service, dated November 29, 1905, page 97, which gives official information:

"Because of the possibility of conflict with the City of Los Angeles in connection with Owens River a board of engineers was appointed by the chief engineer to consider the Owens River project. This board, consisting of W. H. Sanders, L. H. Taylor and D. C. Henny, met in San Francisco July 26, 1905, to define a policy with reference to

the Owens Valley project. As a result of their report and of further consideration on the part of the chief engineer and the Secretary of the Interior, it has been decided that surveys have been carried to the point where the principal features are known, and it is not considered desirable to spend further funds until the legal questions relative to the situation are better understood, it having been decided that the department could await more definite information without sacrificing the interests of the Reclamation Service."

Subsequent to this decision the Reclamation Service abandoned the Owens Valley project.

"What Uncle Sam Did."

Par. 13-a. "Newell, already mentioned, was a friend of Pinchot's, who was one of President Roosevelt's 'tennis cabinet,' and by use of these and other influences the President was induced to command the striking out of the Aqueduct Bill all limitations on the water allowed to the City."

ANSWER: The use of water for irrigation of lands surrounding the City of Los Angeles was, and is, a temporary use, pending the ultimate use for municipal and domestic purposes. The President was shown that the water was ultimately needed by the City to the full extent of the capacity of the Aqueduct, and that the use for irrigation was a temporary one. On this basis he recommended the striking out of the limitations on water allowed for the City.

The President's letter to the Secretary of the Interior, dated June 25, 1906, a copy of which is attached to this answer as Exhibit No. 1, clearly shows the President's views.

Par. 13-b. "The adoption of a bill granting the Aqueduct right of way, and the final turning over to the City of all the documents and maps of the Owens Valley Reclamation Project, gave the City full possession of the field."

ANSWER: The Aqueduct Bill granted rights of way on substantially the same terms as granted by general acts of Congress to railroads, canal companies, power companies, and others. It provided for the sale to the City of certain lands at the regular Government price of $1.25 per acre. It also provided that if the Secretary of the Interior should abandon the reclamation project, the City, upon paying the cost of the surveys and water measurements which had been made by the Government, should be entitled to the maps and field notes resulting therefrom. This cost, amounting to $14,000, was paid by the City. The surveys were not adapted to the needs of the City and had to be made again. The other data referred to were the results of stream flow measurements, which are published in public documents. No other documents, rights or property were at any time turned over by the Government to the City, and so far from the act of Congress or any action of the Government giving the City full possession of the field, it was necessary for the City to deal with all the private owners in the valley who possessed lands or water rights needed in connection with this project.

Par. 14. "With other acquisitions, the City succeeded to the storage filings of the citizens; that is, the latter's rights had been signed over to the Reclamation Service and the Service left these sites open for the City."

ANSWER: This is practically covered by the preceding answer. In addition it may be pointed out that, as previously stated, the only filings which were allowed to lapse at the instance of the Reclamation Service were those on Convict Lake. Messrs. Hill and Geiger, residents of the Owens Valley, later refiled and developed a small storage at the lake. These rights are still owned by residents of the valley. The City at one time held an option on the rights, which, however, was not exercised. The Rock Creek Lake filings by the Dixon Brothers,

whose application was denied by the U. S. Department of Interior, were later filed upon by Hill and Campbell and permits issued. Subsequently these rights were sold to the City of Los Angeles, hence no storage rights owned by citizens in the valley at the time the Reclamation Service project was under consideration have become the property of the City of Los Angeles, except by purchase from the locators.

"City Made 'Overlord'."

Par. 15. "The Forestry Bureau also served a purpose in the plan, for Pinchot, its chief, withdrew all agricultural land in Owens Valley on the preposterous pretense of its being 'forest'—this in a valley where one could look for miles without seeing a tree not planted by a settler. This stopped land locations and settlement, for the City's benefit. Unreasonable and unjust as this was, it was not until 1912 that the land was again opened for settlement. True, in the meantime certain homesteading was permitted, but every such application was referred to the City of Los Angeles for approval. For all practical purposes, the City of Los Angeles became the National Government in relation to Owens Valley land affairs. Where there was no law to cover some desired point, a rubber-stamp order from a department served the purpose. Los Angeles was the suzerain of Owens Valley."

ANSWER: Without making a detailed reply to the foregoing statement, which is not altogether accurate, it may be pointed out that the extension of forest reserves does not in the slightest affect the rights of owners of property within the area, and could in no wise injure those who had vested interests in the valley. Its only effect could be to prevent the mad scramble for the taking up of lands which usually occurs when it is generally known that a large project is about to be undertaken, and it is believed that there is a prospect of selling at

a large profit the lands so filed upon. The action of the Forest Service was justified by the fact that the Government may administer its own property so as to protect projects intended for the public benefit. The Government has acted on this principle in other cases.

"Long Valley Dam."

Par. 16-a. "One of the early plans of the aqueduct was to construct a dam 140 feet high in Long Valley, controlling the headwaters of Owens River. Purchases made by Fred Eaton for the City included a large acreage in Long Valley, and that acreage Eaton retained in his final settlement. He gave the City an easement for the land which a 100-foot dam would flood."

ANSWER: The original plan was for a dam one hundred feet high at Long Valley, and while the possibility of a higher dam was shortly thereafter considered, it has never been finally adopted. The purchases made by Fred Eaton were not made for the City, but for his own benefit, at a time when he was neither an officer of, nor an agent for, the City, but was acting entirely on his own account. In the purchases made at the inception of the project, Mr. Eaton was the seller, and dealing with the City at arm's length. It was not until later that he became an agent for the City in connection with the Aqueduct project.

Par. 16-b. "Building the dam to 140 or 150 feet high would of course flood much more land to which the city has no right—and to the fact that the city has no easement for the added area, that it is owned by Fred Eaton, and that Mulholland has vowed to make no concession to Eaton, the present situation is largely due."

ANSWER: The latter statement is without foundation. The information now available to the City regarding the Long Valley Reservoir and dam site

indicate, first, that the available water supply has been insufficient for the past six years to permit of any water being stored in the Long Valley Reservoir, if built; and, second, that the reservoir site would probably be leaky, especially above the 100-foot contour, and that water which might be stored during wet years could not be held over for use during dry years. The reason the 150-foot dam has not been built is entirely an engineering one, and not personal, as above stated.

Par. 17. "Three of the most noted engineers in the country, Schuyler, Freeman and Stearns, were employed by the City to report on the Aqueduct and on the proposed Long Valley Dam. Mulholland acted with them and concurred in and signed the report, which was unanimous in approving the dam site as safe for a dam on the maximum height proposed."

ANSWER: Mr. Mulholland did not sign the report of the Board of Consulting Engineers. The Board was employed by the City of Los Angeles to review the Aqueduct project independently of Mr. Mulholland. Since the report of the Board of 1906 much additional information has been obtained. The more recent report, dated August 14, 1924, by a Board of Engineers selected by the Los Angeles Chamber of Commerce, and composed of L. C. Hill, J. B. Lippincott and A. L. Sonderegger, has the following to say regarding the Long Valley Reservoir:

"The Long Valley Reservoir is located on Owens River immediately above the Gorge. Topographically this is an excellent storage site, but the possibility of severe leakage has created considerable doubt as to the value of this site. Much of the rim, especially on the east side, is composed of badly fissured volcanic rock. While practically all of the water, which might leak out through the walls of the reservoir, would reappear ultimately in the Bishop region or along the Gorge, the rate of leak-

age might be so great as to vitiate the use of Long Valley Reservoir for hold-over storage.

"The dam site is located a short distance below the entrance to the Gorge. The rock in the lower portion is volcanic but fairly massive. The upper portion of the side walls, however, are badly shattered. A dam can be built safely, however, to any reasonable height. The City of Los Angeles owns the flowage rights in the reservoir to about 100 feet above the stream bed at the dam site. A reservoir of this depth would have about 68,000 acre feet of storage capacity. It is our opinion that it would not be advisable to create more than this amount of storage; first, because the leakage from a reservoir over 100 feet deep might easily be excessive; and, second, because the result of the hydrographic studies lead to the conclusion that greater storage is not necessary for the reasonable control of Owens River and Rock Creek."

Par. 18. "But Mulholland built his aqueduct and did not build the dam—an error from which came subsequent trouble."

ANSWER: This is covered by the preceding answers.

"City Breaks Promises."

Par. 19-a. "Los Angeles defined no policy toward Owens Valley, and repeated urgings were barren of results until 1913. In that April a conference was held in Bishop, those participating being local ditch representatives and Mulholland, Mathews and Shenk, of Los Angeles. Various points of differences were discussed, and an agreement reached satisfactory to all concerned. A friendly suit was to be brought by the City and the agreed points given force by a court decree."

ANSWER: The first statement quoted is incorrect. The first conference was held early in 1910. Following this conference, Messrs. S. B. Robinson, representing the Legal Department, and Charles H.

Lee, representing the Engineering Department of the Aqueduct Bureau, were instructed to gather the data necessary to formulate an agreement. As the result of their work such information as was available was assembled and tabulated, and a map was prepared by Mr. Lee embodying the area under the following canals:

Owens River Canal,
Frank Shaw Land and Cattle Company ditch,
Russell ditch,
Bishop Creek ditch,
Love ditch,
McNally ditch,
Farmers' ditch,
George Collins ditch,
A. O. Collins ditch,
Rawson ditch,
Dell ditch,
Owens River and Big Pine Canal,
Sanger ditch.

The conference held at Bishop in 1913 between the representatives of these canals, the Chief Engineer, the Chief Counsel and City Attorney of the City of Los Angeles, based its discussions upon the data and map above described. The basis of the discussion was that if the valley people would co-operate with the City in limiting irrigation operations to the area shown on the Lee map, the City would not object to irrigation development within that area.

The statement that a friendly suit was to be brought by the City and the agreed points given force by a court decree is incorrect. The suit was to be brought by the valley people against the City, and was so brought, as noted in the next answer.

Par. 19-b. "Months passed along, without action, and finally the valley people were informed that a suit had been brought by a Los Angeles taxpayer to prevent the agreement being made. In view of the

manner in which all other propositions have been handled by the City, it is not strange if some questioned the bona fide nature of the suit; however that may be, the whole matter died in some Los Angeles pigeonhole."

ANSWER: The contemplated suit was brought in behalf of the valley people by the firm of Vermilyea and Himrod. The case was entitled Bishop Creek Ditch Company *et al.,* v. The City of Los Angeles, and was No. 1410 in the files of the Superior Court of Inyo County. It was filed on the second day of July, 1913. An answer was filed by the City. The fact that the suit was not brought to trial was doubtless due to the circumstances hereinafter in this paragraph detailed.

The taxpayer's suit referred to is evidently the case of Henry A. Hart vs. The City of Los Angeles, *et al.,* filed in the Superior Court of Los Angeles County, July 2, 1913, case No. B 2566. The insinuation that the suit was brought by connivance of City officials is absolutely without foundation in fact. Mr. Hart, by whom it was brought, was no doubt a dummy, but acting for interests other than the City of Los Angeles. This is clearly shown by the fact that another suit was brought by him, the same attorney representing him in both cases, the second suit being based on a claim that the Aqueduct water was unfit for domestic use. This suit was vigorously pressed and vigorously resisted, and after several years' litigation, was decided in favor of the City. The City thereupon compelled the payment by Mr. Hart of its costs in the action. The amount was paid, the money no doubt being furnished by the interests for whom he was acting. The purpose of the friendly suit mentioned in the Watterson statement was to have the court declare the agreement with the Owens Valley people (alleged in the complaint to have been entered into on April 5, 1913) to be illegal, null and void, and to enjoin the carrying out of its terms on the ground that it involved the alienation by the City of water

rights already acquired by it, and turning them over to users in the Owens Valley not legally entitled thereto and upon an unlimited territory, such disposition being alleged to be contrary to the charter of the City. While the suit was never brought to trial and was finally dismissed on May 23, 1914, it did suggest a serious question as to the right and power of the City officers to enter into any agreement which was not based upon a definite ascertainment of facts as to the use of water in the Owens River Valley, both under ditches owned by residents of that valley and under rights which had already been acquired by the City by purchase from former users. This led to an effort on the part of the City to have measurements made of the various canal diversions so as to form the basis of a valid agreement. Late in 1914 or early in 1915 representatives of the City met with representatives of the Owens Valley ditches at the Pinon Club in Bishop, and suggested a series of measurements at the expense of the City for the purpose of determining the extent of use of water by the various ditches. The plan was at first objected to by the valley people, and it was not until 1917 that consent to such measurements was given. In March, 1917, the making of measurements was begun. Necessarily, these had to extend over a considerable period of time to be of any use, and it was not until 1919 that it was practicable to resume negotiations.

Par. 20-a. "Finally, the city wanted another aqueduct bill passed, ostensibly to correct details of the right of way grant. The people of Inyo were informed that the bill was identical with one which had been introduced at an earlier Congress and then lost in the mass of last-hour legislation. It was found that there were material differences; however, those were adjusted to the satisfaction of Inyo. Mr. Mathews promised explicitly that if Inyo would withdraw the opposition which had been effective in holding up this new bill, he would see, on his return

from Washington, that the long side-tracked agreement would be taken care of. The opposition was withdrawn. Nothing was done toward the agreement for months, until finally Inyo succeeded in getting a new proposal."

ANSWER: The delay was due to the desire of the Owens Valley people. The Aqueduct Bill was before Congress in February, 1919, and meetings between the City and valley representatives were held immediately upon Mr. Mathews' return from Washington. The valley representatives, however, were not ready to state their water requirements definitely, nor were they willing to accept the measurements which had been made by the City, but desired to make their own measurements of ditch diversions for one season. This was done during 1919, but as the year was a dry one, it was requested of the City that the matter be deferred until conditions of measurement were more satisfactory. It was not until some time during the year 1921 that the representatives of the valley ditches considered that they were in a position to enter into conference. The agreement was finally drawn up the latter part of 1921. A copy of it is attached hereto as Exhibit No. 3.

Par. 20-b. "Its details were not all acceptable, however, and the effort came to nothing. Two of the men who had represented Inyo later became agents of the City in Owens Valley. Then work began on the proposed storage dam in Long Valley. It was found by the Inyoites that it was proposed to build a dam which would store but 68,000 acre-feet of water. Included in the plan was a power project which would require a flow of 300 second-feet daily, which would continue during the non-irrigation season as well as at other times, and therefore leave but a comparatively small amount of stored water for dry seasons—in fact, the figures of engineers showed that this would mean a short supply of water one-third of the years. The Inyoites

desired a dam not less than 140 feet high, which would provide a reservoir meeting all needs at any time for which records were available."

ANSWER: The agreement was finally worked out in a form acceptable to a majority of the Owens Valley Committee and the Board of Public Service Commissioners of the City of Los Angeles, and was submitted to the people of Owens Valley for their approval. The details of the agreement were acceptable to a majority of the water users of the Owens Valley, but were rejected at the behest of certain land-owners and bankers of Owens Valley and Los Angeles. It should be pointed out that, under the agreement, the City was to construct a dam at Long Valley to a height of 100 feet with foundation and substructure of such dimensions that it would support a higher dam. All expenses connected with the construction of the dam and other work were to be borne by the City, and the farmers were to be given a regulated flow for their uses during the irrigation season. If in any year there was not sufficient water in sight at the beginning of the irrigation season to satisfy the proposed schedule, the shortage was to be suffered proportionately by the City and the farmers. The agreement covered practically the same area as was included within the Lee map, and within the present Owens Valley Irrigation District. Only about 35,000 acres of this area was actually irrigated; the balance being poorer land and more expensive to place water upon. Engineering studies made at that time showed that a 100-foot dam was sufficient to provide a full supply for 35,000 acres, using the stream flow records up to and including 1920. This developed a sharp conflict of interest between those land-owners whose lands were already well watered and those who had land with poor or no water supply. Many owners of fully irrigated lands finally came to see that the building of a higher dam was of no particular value to them, and rather than see the City withdraw from the negotiations, became

advocates of the agreement, because they were assured of a full supply with a 100-foot dam, and if a higher dam was finally built, would participate in benefits therefrom without cost. The owners of the 15,000 acres with poor or no water supply naturally desired to see the dam built by the City to a height of 134 feet, in view of the fact that their land could not stand the cost of storage if they themselves had to pay for it. These same men were also actuated by a desire to sell their land to the City and these motives may have led to opposition to any agreement. Opposition also arose from Mr. Eaton, the owner of lands in Long Valley above the 100-foot contour, who desired to sell to the City.

Par. 20-c. "Without such assurance the valley ditches did not propose to have their water supply under the City's control, and by suit enjoined interference with the river's normal flow by an inadequate dam. Though Mulholland had reported, with his more eminent associates, that the site was suitable for the higher dam, he now took the ground that it would not be safe. The real reason for this is generally believed to be a personal feud between Mulholland and Eaton, some of whose land would have to be bought if the larger reservoir were built."

ANSWER: The fact of the filing of this suit should be noted in connection with the matters discussed in the answer to the paragraph 26-b. The other matters referred to in this subdivision are sufficiently covered in the answers to paragraphs 16-a and b, 17, and 20-a and b.

Par. 21. "Another factor entering into the storage of Owens River water is the possession by the Southern Sierras Power Company of a mile of the Owens River gorge. This channel was the property of a company largely owned by Edson F. Adams, of Oakland. The City of Los Angeles held an option on this property, at a comparatively low price, but

failed to exercise it. There's an interesting story in this, too, but suffice it to say that the power company snapped up what the city neglected. Los Angeles brought suit to condemn the power company holdings, which were part of the system supplying electric current to Riverside, San Bernardino, and other southern counties. At present the company holds a mile of canyon of importance in the city's power program and holds it only because the city neglected an opportunity."

ANSWER: The City never held any option for the purchase of the Adams property. Negotiations with him extended over a long period of years, but he never set a price which seemed reasonable to the City authorities. It is true that the Power Company "snapped up" the Adams land. It did so with full knowledge that it would seriously interfere with the City's power program. The property never was used for supplying Riverside, San Bernardino, or any other territory, until long after the City's condemnation suit was commenced. The fact that the Power Company holds the mile in question is in no small measure due to the opposition of certain Owens Valley people, friendly to the Southern Sierras Power Company, to the passage of a bill introduced in the State Legislature which would have permitted the condemnation of the property on a fair and equitable basis. This bill sought to give to municipalities, and other public agencies, the same powers of condemnation as were already possessed by private utility corporations, and no more.

"Local Traitors."

Par. 22-a. "Owens Valley leaders decided that organization of an irrigation district would protect Owens Valley rights, and such a district, covering about 54,000 acres, was organized in January, 1923, by a vote of 599 to 25. Its purpose was to 'tie the water to the land' by acquiring title to the ditches."

ANSWER: The City officials, while entirely neutral in any controversy in the valley concerning the wisdom of organizing an irrigation district, felt some satisfaction when it was organized, believing that its purpose was to unify the water interests in the valley, and provide for improvements in the handling of water in the district, which would result in the saving of water to the mutual advantage of both the farmers and the City. The statement now made by Mr. Watterson, that the purpose was to "tie the water to the land," would seem to justify a suspicion that instead of seeking those legitimate ends, the main purpose of the organizers of the district may have been to thwart the City of Los Angeles in any program it might find it necessary to undertake for the acquisition, at a fair price, of additional water rights in the valley.

Par. 22-b. "Before further action was taken by the district, George Watterson and William Symons, two of the supposedly loyal Inyoites who had helped to negotiate one of the rejected agreements, and L. C. Hall, an attorney, acting for the City, busied themselves in buying lands under the McNally ditch, one of the older canals in the valley."

ANSWER: In March, 1923, the Board of Public Service Commissioners deemed it necessary to secure additional water in the Owens Valley for the supplying of the Aqueduct, and decided that it would be to the best interests of the City and the Valley to purchase lands remaining in private ownership on the north and east side of Owens River, that is, on the opposite side of the river from Bishop. Symons was authorized by the City to take options, because of his intimate familiarity with land values and the status of ownership of lands under the ditch, which would enable him to proceed with accuracy and dispatch. He asked L. C. Hall, an attorney of Bishop, to assist him, particularly in matters of title, which required the services and advice of an attorney. For such work Mr. Hall received the

usual attorney's fees, which were paid by the City. Symons received commissions for the purchase of the lands, but was never an employee of the City. George Watterson did not engage in the taking of options under the McNally ditch in behalf of the City, nor did he receive commissions of any kind directly or indirectly, nor has he ever been an employee of the City of Los Angeles.

Par. 22-c. "In this buying, as in many other instances, lying as to the purpose and indentity of the buying interest was used."

ANSWER: This is untrue. Land-owners were plainly told by those taking options that it was for the City of Los Angeles. No deception was practiced.

Par. 22-d. "The minority owners were ignored, at this stage, their property isolated by drying up adjoining ranches. Many families moved away."

ANSWER: The statement "The minority owners were ignored" is untrue. The City officials instructed Symons to take options upon and secure all land on the east side of Owens River, including the Collins ditch, the McNally ditch and lands irrigated from Fish Slough. Their words were, "Leave no one out; we want them all." At a meeting of the McNally Ditch Company, at which nearly all of the stockholders were present or were represented by proxy, the City representative stated that the City wished to buy all of the McNally ditch and Fish Slough lands and water rights at the same average price, according to the value of their property, as for the purchases previously made. The minority owners refused to sell at the same prices as were being paid by the City for other lands, which were liberal prices, and hence their lands were not purchased at that time. Their right to water was, however, fully recognized—in fact, they received a better supply than before.

Par. 22-e. "Values of the remaining properties were depreciated at least fifty per cent—in fact, left with no possibility of sale except to the City. Owners in some cases were mortgaged; the unsettled condition and the City menace destroyed the borrowing value, and as mortgages became due there was no choice for many but to make the best terms they were able with the City."

ANSWER: Values of the lands of the minority owners, insofar as they depended on production, were in nowise affected. The prices at which they ultimately sold to the City were approximately ten per cent greater than the prices paid the majority land-owners. The mortgages in many cases exceeded the value of the land based on the value of the products and in all cases the City paid them a great deal more than the amount of their mortgages, in most cases one hundred per cent more. The prices paid them by the City were in most cases so much above the agricultural value, that they have set a price which no other prospective purchaser can compete against. Instead of the value of the remaining properties being depreciated fifty per cent, they have been greatly inflated.

Par. 22-f. "They could not remain and keep up a continual fight with the City for the water through the ditch they had helped to build."

ANSWER: A full supply of water was furnished to minority land-owners by the Canal Company after the City's purchase of a majority interest, and was also furnished by the City after the sale of the McNally ditch, in accordance with an agreement between the McNally Ditch Company and the City. (Exhibit No. 2.) The City agreed to supply water at the average cost for the previous five years, and as above stated, the supply to the minority owners has been better than before the City's purchases.

Par. 23-a. "The McNally ditch board had earlier agreed to turn over its water rights to the irriga-

tion district, with the other ditches of the valley. Symons, already mentioned, a large beneficiary from sales of land for good prices (he being one of those well favored in the buying), as well as from commissions for his work for the City, was president of the McNally board."

ANSWER: Symons was not favored in the sale of his lands, and many of his neighbors received a greater price in proportion to the value of the property than he did. The price which he received for his lands under the Bishop Creek ditch was even less in proportion than that which he received for his McNally ditch lands. The commissions which he received were less than two-thirds of the usual broker's commissions. Moreover, this is a general charge without any specification. To test Mr. Watterson's good faith in making the same, the offer is hereby made that if he will produce any owner of lands under the Bishop Creek ditch of substantially equal extent and substantially equal value per acre to the land bought by the City from Symons under that ditch, who, who wishes to sell at the same price per acre as paid to Symons for his land under that ditch, the City will purchase, or produce a purchaser for, the same, at a price per acre equal to that paid Symons, plus a commission at the same rate as paid to Mr. Symons. There are many thousands of acres under the Bishop Creek ditch not owned by the City. The City does not wish to buy additional land under that ditch, but is willing to make and carry out the foregoing offer in order to disprove Mr. Watterson's charge of favoritism.

Par. 23-b. "The majority of stock, being held by the City, was voted to oust all but one of the loyal Inyo directors, who were replaced with City figureheads. The Board thus shaped for Los Angeles purposes, rescinded its action, favoring the irrigation district, and proceeded to vote to sell the ditch,

with its 7000-inch right, for $175,000—$25.00 an inch for water—the City being the buyer."

ANSWER: This charge is unfounded. The rescission was by the old board, under authority and direction of the old stockholders. Thereafter the transfer to the City of the optioned land took place. Almost a year later the sale to the City of Los Angeles of the assets of the company was made. Even then three of the original directors were still in office. One of the original five had resigned because, having sold his stock to the City, he was no longer qualified to act as director. Only one director was removed from office. The minority stockholders were taken care of in the sale by the agreement already referred to between the company and the city. The water rights were really owned by the individual users, and the City for its $175,000 acquired nothing of value except the canal. W. R. McCarthy, Engineer of the Irrigation District, in his report of March 20, 1923, appraised the canal at $57,569.00. The City had already purchased from about two-thirds of the former stockholders *individually* their lands and water rights and paid liberally therefor. The sale by the *Canal Company* was subject to the right of the minority stockholders to receive water as before, leaving the minority stockholders in unimpaired possession and ownership of their water rights. In this connection see "Exhibit 2" hereto attached.

Par. 24. "In the meantime, notwithstanding the conquest of the McNally area by the City, the irrigation district voted 702 for, 80 against, to issue $1,650,000 of bonds with which to secure the water of the ditches. This was a nominal figure, being only a consideration for turning over control to the district the water to be by it distributed to the same users as before. It simply served to guarantee that the water could not be taken away from the district."

ANSWER: It is not true that the consideration proposed to be paid by the irrigation district for the ditch rights was a nominal figure. On the contrary it was a substantial figure, fixed by negotiation, and was at that time supposed by the parties to represent the full value. Why should the owners of water rights sell their rights to the district for a nominal figure, and thus subject themselves to a division of their accustomed supply with the owners of lands in the district not having a supply?

"City Schemers."

Par. 25-a. "When time came for selling the bonds, the injunction suits were filed by two dummies, whom the City guaranteed against loss or damage."

ANSWER: The City did not guarantee against loss or damage, or in anywise instigate, assist in, or have anything whatever to do with, the suit to enjoin the irrigation district from selling the bonds. The City has been informed that it was filed by Charles Winter and Fred Heitman, land-owners under the Bishop Creek ditch, who had optioned their stock to the irrigation district, and that they were guaranteed against loss or damage by William Symons and George Watterson personally, who were also land-owners under the Bishop Creek ditch.

Par. 25-b. "W. B. Mathews and others of the Los Angeles circle had maintained that they desired the district to function; this case, as well as the others, proved the hollowness of their professions."

ANSWER: Mr. W. B. Mathews, as special counsel for the Board of Public Service Commissioners, has repeatedly refused to assist, or to advise the City's assisting, or having anything to do with, suits brought against the district, and neither he nor any other officer of the City, has had any connection, direct or indirect, with any such litigation.

Par. 25-c. "A permanent injunction was denied but the damage had been done. Though bidders had come to take up the entire bond issue at as favorable rate as any sales in the state, the existing complications damaged such prospects. Later $471,-500 of the bonds were sold at a considerable discount."

ANSWER: The inability of the district to acquire the water rights of the ditches was not the result of this injunction suit, but the refusal of the Irrigation Bond Commission of California to permit the district to buy the stock of the ditch companies with bond money. There was also considerable opposition among local water users to the sale of the stock of the ditch companies to the irrigation district. A delegation representing more than a majority of the stockholders of the Bishop Creek Ditch, with A. H. Swallow, as attorney, appeared before the Bond Commission to protest against the sale. At the meeting the Bond Commission gave its ruling upon the use of bond money to purchase stock before the protestants had had opportunity to voice their objections, and so the latter were not heard.

Par. 26-a. "Then suit was brought by William Symons to declare the district void."

ANSWER: The cost of this suit was borne by Messrs. Symons, L. C. Hall and George Watterson individually. Although Mr. W. B. Mathews, as attorney for the City, was approached for the purpose of securing the financial participation of the City in the conduct of the suit, neither financial or any other aid was given by the City or anyone acting for it.

Par. 26-b. "Another procedure was filed more directly by the City to prevent the Ditches of the District taking water from the river as they had done for many years, the City claiming it all. This was an effort to compel the several Ditches to fight out the question of prior rights, thus creating local dissensions for the City's benefit."

ANSWER: This suit was brought by the City not to create local dissensions, but to define the water rights under the ditches which it had acquired, and to secure a court order which would result in the delivery of all the water to which it was entitled by the purchase of prior rights. This water was being unlawfully diverted by valley ditches with junior rights, but whose head-gates were further up the River. The suit was of as much advantage to the remaining ditches as to the City, in view of the fact that land-owners under such ditches also desire to sell to the City. The extent of their right is indeterminate because of the encroachment in recent years of Long Valley water users upon the rights of Owens Valley ditches, and also the encroachment of the Owens River Canal under junior appropriations, upon the older rights of lower ditches in Owens Valley. The absurdity of the claim that the suit was brought for the purpose of creating local dissension is further shown by the fact that although the City's suit was not filed until May, 1924, the ditch companies themselves had in May, 1922, filed a suit against the City of Los Angeles and others, which is still pending, which set up the water rights claimed by the various ditch companies, and sought to enjoin the City from storing the waters of the river. This is the suit referred to in paragraph 20-c of Watterson's statement, and necessarily involved the full litigation and determination of the rights of the ditch companies, so that these rights were involved in the same controversy by action of the ditch companies themselves long before the City brought its suit. The filing of a new suit by the City to bring in all necessary parties, and to more clearly define the issues, did not change the fact that the rights were already in litigation. In fact, the bringing of a suit by the City was a distinct advantage to the ditches for in their own suit they would have had the burden of proof, with its resulting expenses, while in the suit by the City the burden of proof is upon it, and the greater ex-

pense must fall upon it. It may also be noted that another suit necessarily involving some of the same issues was filed by the Eaton Land and Cattle Company against the Owens River Canal Company in the Superior Court of Mono County in July, 1921. Two other suits had also been brought by the Eaton Land and Cattle Company against the City in July, 1923, in the Superior Court of Mono County. The ditch companies were not parties to these two suits, but may become necessary parties to at least one of them before a determination of the issues can be had. It will thus be seen that the water rights of the ditch companies in the Bishop region were involved in complicated litigation of local initiation long before the City's general adjudication suit was filed.

Par. 26-c. "The prevalent custom in the Valley for many years has been one to give and take; in low water seasons the River flow has been used by one ditch or another, as the need happened to be greatest, and apportioned without standing on points of priority, but of neighborliness."

ANSWER: Although temporary rotation from one ditch to another was practiced in times of shortage among Owens Valley ditches, there was never any recognition of the prior rights of Owens River Canal or of Long Valley users on the part of lower ditches. McNally Ditch men at one time broke the dam of the Owens River Canal, and the latter recognized the rights of McNally Ditch whenever demands were made. Also the Associated Ditches repeatedly through a period of twelve or fourteen years went to Long Valley and broke the diversion dams of the Eaton Land and Cattle Company.

Par. 26-d. "This last suit, obviously only a means of harrassing Owens Valley owners, has been postponed from time to time at request of Los Angeles."

ANSWER: The statement as to the purpose of the suit has already been fully answered. There has not been a single postponement of the suit at the request of the City—on the contrary, there have been delays at the request of the defendants. The attorneys for the City have repeatedly advised the attorneys for the defendant that they desire to do everything possible to simplify the trial of the case, and lessen the cost thereof to both parties. Conferences were held looking to an agreement between the parties concerning as many as possible of the facts involved in the case. These conferences resulted in an agreement that Mr. C. H. Lee, as engineer for the City, and Mr. W. R. McCarthy, as engineer for the defendants, should jointly investigate and report upon physical facts, so that they might be agreed upon, and thus the presentation of a great mass of evidence avoided. These engineers have spent a very considerable time in assembling the required data, and their work will undoubtedly result in a very substantial saving to both sides, and greatly shorten the trial of the case. Obviously, it would be against the interests of both sides to proceed with the trial of the case until every possible effort has been made to shorten the trial by amicable ascertainment of material facts.

Par. 27. "In the extremely dry season of 1923 the river's flow was insufficient for the ditches. The City had paid a large amount of money for lands under the McNally ditch, expecting to leave the lands dry and run the water down the river to Haiwee Reservoir. A little lower down, the headgate of Big Pine canal was ready to receive whatever river flow came that far, and no water went past it. At this juncture, City forces began digging a cutoff across the neck of land at the point of which the Big Pine headgate was located. Had this gone on, the river would soon have cut a new channel and left the irrigators high and dry. A guard of riflemen soon put a stop to that scheme."

ANSWER: A crew of three or four men with teams was sent to the intake of the Big Pine Canal to construct a ditch around the intake for the purpose of taking the City's lawful share of the water at this point on down the river to the aqueduct intake, and prevent the unlawful diversion by the Big Pine Canal of waters belonging to the City. Previously City representatives had gone to Bishop for the purpose of arranging with the farmers in the valley some plan to divide the water in the Owens River between the ditches remaining in private ownership and the ditches which the City had purchased, so that the City might receive the water it had purchased. The result of the conferences was that the people of the Valley would not consent to the City taking any water out of the Valley into the aqueduct, even under its prior rights, unless there was more water in the River than the private ditches could divert. It was stated by Mr. W. W. Watterson, who represented the Valley farmers, that notwithstanding the fact that the City had purchased the lands and water rights from the former owners, the people of the Valley considered that their rights were prior to the City's rights to divert the water from the Valley, and they would not permit such diversion. The City was thus unlawfully denied the right to take waters which it had purchased at liberal prices from the recognized owners thereof.

Mr. W. W. Watterson criticizes the City for attempting by peaceful means to get into its aqueduct the water it had purchased and which was needed by its inhabitants. On the other hand he justifies the action of the mob which under the leadership of his brother and business associate, unlawfully and forcibly seized the Alabama Spillway and turned out and wasted the entire flow of the aqueduct, which carried only what water remained after the farmers had taken what they needed on their ranches, fifty or seventy-five miles above. It would be impossible to imagine a case of more glaring in-

consistency, or more utter disregard of the principles of American justice than disclosed by Mr. Watterson in this matter.

Par. 28-a. "Came another offer of agreement on terms which all Ditches, except the Big Pine Canal, were ready to accept. That Company refused its assent, and the matter fell through. It was afterwards found that City agents had been busy in the Big Pine vicinity for some days."

ANSWER: The agreement referred to was one proposed by Mr. W. W. Watterson himself. It was designed to settle the water rights of the Valley as between the City and the local interests. The record shows that the Board of Public Service Commissioners, which alone had authority in the matter, adopted a resolution approving the proposed agreement. The Valley people themselves rejected the proposed agreement, without any definite statement of their reasons for so doing. It was, however, generally understood that they preferred to sell rather than settle.

The last sentence of the above quoted statement is ambiguous. If the inference is intended that the City's agents were seeking to defeat the ratification of the proposed agreement, it is untrue, for no City employee made any such effort.

If the statement referred to is intended to mean that the City was buying property in the Big Pine region, it is also not in accordance with the facts. No property in the Big Pine region was bought during the progress of the negotiations referred to, which were in, or about, July, 1923. The first purchases thereafter were made in November of that year. So far as known, there were not even any negotiations looking toward purchase so long as the settlement agreement was under consideration, but if there were any such negotiations, they were routine matters, carried on without any thought of interfering with, or in anywise affecting, the proposed agreement with the irrigation district. A copy of

the proposed agreement, which is dated July, 1923, is attached hereto as Exhibit No. 4. Also the resolution of the Board of Public Service Commissioners, authorizing the president and secretary of the Board to execute the agreement, is attached as Exhibit No. 5.

Par. 28-b. "One of the conditions of the proposed agreement was that the City should buy no more land west of Owens River. It developed that at the very time the agreement was being presented by City men for local consideration, John T. Martin, City Land Buyer, was busy in the forbidden area buying land."

ANSWER: As will appear from the proposed agreement attached as Exhibit No. 4, it contained no provision whatever prohibiting the city from buying on the west of the Owens River. No such provision was ever discussed in connection with the proposed agreement. In connection with the McNally purchases Mr. W. W. Watterson suggested such an understanding to representatives of the City in the Valley, but the same, on reference to the Los Angeles office, was rejected, and Mr. Watterson notified accordingly.

Par. 29. "The continued uncertainty was undoubtedly the fact which brought about the dynamiting of a small section of the Aqueduct in May. That the affair was meant only as a notice to speed up on action is a certainty; the damage done was very slight, though the perpetrators could have put their shot in a dozen places where real harm to the Aqueduct would have resulted. The City made great talk about punishing somebody, but was satisfied with talking. The incident served to broadcast the situation over the coast, and had a somewhat stimulating effect on the dilatory policy of the City."

ANSWER: The statements in this paragraph are covered by the answer to paragraphs 35a to 39.

It may be noted, however, that Mr. Watterson does not disclose why he can speak with certainty as to the purpose of the dynamiting of the aqueduct. His comments clearly indicate that he had intimate knowledge of the facts.

"Report Suppressed."

*Par. 30. "A committee of fair-minded men came from the Los Angeles Chamber of Commerce to investigate for themselves. They had every facility for acquiring knowledge, and their expressions in Inyo proved that their eyes had been opened to facts not before known to them. Some results were hoped for, but at this writing nothing further has been heard of a report. Says the Los Angeles Record in relation to it: 'This report favorable to the farmers of Owens Valley * * * was made by the committee. Because the report was unfavorable to Mulholland, the water engineer's friends had it tabled despite its obviously truthful presentation of the facts.'"*

ANSWER: The City officials have been informed by the Los Angeles Chamber of Commerce that the committee referred to spent parts of two days in the Owens Valley, and that its investigations consisted almost entirely of interviewing Mr. W. W. Watterson and his immediate associates. Obviously, a report based upon statements of parties on one side only of a controversy could not be used as a complete report of the situation.

"City's Alleged Policy."

Par. 31-a. "The next ambassadors were engineers Lippincott, Hill and Sonderegger. Their report, while having the appearance of editing by Mulholland, outlined a plan for leaving an untouched area of the Bishop section amounting to 30,000 acres."

ANSWER: As heretofore stated, Messrs. Lippincott, Hill and Sonderegger were selected by the

Chamber of Commerce of Los Angeles. Mr. Mulholland did not participate in the preparation of, or in any manner edit, their report.

Par. 31-b. "In October the Public Service Commission adopted a so-called 'policy', which was brought to Bishop recently. It proposed that 30,000 acres of land should remain undisturbed; but Mathews, as chief negotiator, made it clear that the City expected to remain free to pick and choose property here and there as it might desire. No positively undisturbed area would be defined."

ANSWER: The City Committee, charged by the Board with the duty of negotiating with the Owens Valley people, purposely went to the Owens Valley with an open mind as to the location of the 30,000 acres of land, in order that this might be determined upon in conference with the Valley people, and to the best advantage of all. Most of the local Committees which the Los Angeles Committee met in the Owens Valley were ready to discuss the matter in a frank and open manner. The Committee headed by W. W. Watterson, however, refused to confer on the question as to a permanent acreage remaining in private ownership, stating that the City had ruined the Valley and the only thing left for the City to do was to buy such of the remaining land as was represented by his committee, which was far less than the whole area involved. No such expression as attributed to Mr. Mathews was made.

Par. 31-c. "One of the locally damaging features of the present situation is that no one can tell what part of the Valley will be invaded by the City buyers, what section will be lessend in value by drying up part of its lands and reduction of its population. One of the contentions has been that the City should make its purpose clear—say that it does or does not intend to buy, and if buying further, in what section. The people want an end of the checkerboard system of buying that has proved so disastrous."

ANSWER: This contention is somewhat surprising in view of the attitude of Mr. Watterson's committee referred to in the precding answer. The "checker-board system" has not been of the City's choosing or planning. When the City has gone into the Valley to buy, its purpose wherever possible has been to buy out the whole area in some one locality. It has been found in some cases, however, that this is impossible because certain owners refused to sell at a reasonable figure, demanding prices two or three times what the land was worth. The difficulty about announcing where and what it is intended to buy is, that the owners immediately raise their prices to unreasonable figures. In a few instances detached ranches were bought because the owners in one locality owned tracts in other localities, and refused to sell one tract unless all their lands were sold.

Par. 31-d. "But the offer mentioned, to which certain Los Angeles men point as an offered 'fair settlement', is in reality no promise of any policy different from that pursued in the past. It amounted to nothing."

ANSWER: This statement is entirely without foundation, as will be shown by examination of the Board's declaration of policy in its resolution of October 14, 1924 (Exhibit No. 6 attached hereto), and the actions of the Committee appointed to carry out the purpose of this resolution.

Par. 32. "On this occasion, the Los Angeles delegation, though first professing to have full power to act, could not negotiate on any line different from one exactly laid down for it."

ANSWER: This statement undoubtedly refers to the result of the Committee's conference with a local Valley Committee headed by W. W. Watterson, in which the demand made by Mr. Watterson that the City buy the lands whose owners were represented by the Committee, was not satisfactory to

the City Committee. The plan of settlement adopted by the City was necessarily and purposely expressed in general terms, thus leaving to negotiations on the ground to determine the particular area to be left untouched. By this policy the people of the Valley could be consulted as to what lands should be included in the exempted area. The committee is prepared to enter into negotiations for this purpose.

Par. 33. "The Inyo grand jury made an extended inquiry into the situation this fall, having before it statements from practically all the civic organizations of the Valley. Its report condemned the methods of the City of Los Angeles, attributing the mental and financial evils, existing to the 'unfair acts and dealings of the Public Service Commission of the City of Los Angeles', and demanded a definite statement of policy of further actions toward Inyo County."

ANSWER: The resolution of the Board of Public Service Commissioners of October 14, 1924, a copy of which is attached as Exhibit No. 6, while not submitted in response to the demand of the grand jury, contains a definite statement of policy with reference to further action towards Inyo county.

Par. 34-a. "Conditions during the past year especially have not only damaged business through removal of many families from the City lands, but have virtually destroyed values and made all property, town and country, unsalable."

ANSWER: The facts with reference to the claim of destruction of values and unsalability of property have been fully covered elsewhere. The fact that business has been poor in Bishop is largely due to the present general depression in agriculture and stock-raising throughout the United States. Business and real estate values in Owens Valley were at low ebb prior to the completion of the railroad from

Mojave to Owenyo, in 1910. These values advanced rapidly until 1913, following which there was a lull until the war period, when values advanced again. During the war period, with the prevalent high prices, ranches were mortgaged to such an extent that when the slump came in 1920-21, had not the City purchased land at high prices, many of the families who sold would have been bankrupt. Those now remaining suffer from the same general depression in agriculture and stockraising which prevails all over the United States.

Other very important factors have affected business conditions in the Valley during the past year. The stringent quarantine which Inyo county established in connection with the hoof and mouth disease practically closed the Valley to the usual tourist trade for several months. It is reported that only about a fourth of the usual number of machines entered the Valley during that period. The prevalence of forest fires in different parts of the state also greatly interfered with tourist traffic during the summer season. It is well known that many mountain resorts did practically no business for a considerable period because of these fires. The Owens Valley naturally suffered with other regions having a tourist business.

Par. 34-b. "The credit of the Valley has been so crippled that the Federal Land Bank and the State Land Bank, while admitting the splendid merit of Inyo farm property, has refused to make more loans."

ANSWER: It is the understanding of City officials that the Federal Land Bank is financed by bond issues. The ability to market bonds is affected where the security of the loans is property in a region where lawlessness and controversy exist. It is the understanding of City officials that the said bank would resume the making of loans in Owens Valley, if the controversy were settled and order restored. The Valley people can prevent lawlessness.

It has been, and is, the desire of the City officials to settle the controversy in the Owens Valley, as evidenced by the various agreements which have been drawn up in the past, and the recent action of the Board in appointing a committee to negotiate with the Valley people.

Par. 34-c. "Other money-lenders want their money from owners, who because of the untoward situation, are unable to profitably work their places or to turn elsewhere for relief."

ANSWER: Farmers in Owens Valley during the present year had a much better water supply than the average throughout the state of California. They also had good prices for their products. Farmers who planted and cared for their crops had good returns. Those who did not plant crops or whose land was poor, or crops poorly chosen, did not make a profit from their ranches in Owens Valley any more than in other localities. This condition, however, is not one for which the City is responsible.

Par. 34-d. "The final shock of this series of facts came when a World War Veteran, owning a fine piece of land sought a loan from the State Veteran's fund. He was informed that a loan from the fund could not be made because his property is in Inyo county. Under such a situation, many men and women who had hoped to spend their remaining days in this valley of their choice, this community which, in some cases their parents helped to win in Indian warfare and helped to dig canals that made desert into oasis, see no way out except to give up the unequal struggle against a ruthless, unscrupulous and powerful enemy'.'

ANSWER: Any implication that the City is responsible for any conditions in Owens Valley preventing the securing of loans of the character referred to, is, of course, entirely unfounded. Water rights in Owens Valley are largely unadjudicated.

For instance, it has never been determined, and no one can say, how much water the Owens River Canal Company or the Bishop Creek Ditch Company is entitled to take from Owens River, as against other appropriators. This condition naturally detracts from the possibility of obtaining farm loans from institutions outside the valley. Furthermore, one of the most effective agencies in destroying farm credit in an irrigated section is serious water shortage. If the City of Los Angeles had not purchased lands and water rights in the Owens Valley, and thus made it possible for the owners of the remaining lands to appropriate to their own use the water the City had bought, there would have been civil war in Owens Valley last season on account of the extreme drought. If the water supply, instead of being made available for the use of the remaining owners, had been divided up with lands formerly irrigated, including those purchased by the City, there would have been less than a fifty per cent supply. This would have meant a serious failure of crops, and the credit of the valley would have been gone. Besides, in the inevitable contest among local water users there would have been violence and all the serious consequences imaginable. As it was, the City's share of the water supply was taken by the remaining farmers, leaving them through the critical period of drought with a good water supply, in fact better than a great majority of the lands in the State. In this connection it should be borne in mind that the canals serving the remaining farmers are all upstream from the intake of the City's Aqueduct, and that they were therefore able to take and did take all the water they wanted in disregard of the City's rights. As a matter of fact, during the time of shortage, they permitted no water to pass their intakes, leaving the City dependent upon water reaching the river below their lands. Again, it is mere wild, reckless and irresponsible talk for anyone to assert that the City is or ever has been "a ruthless,

unscrupulous and powerful enemy," or any enemy at all, of the people of the Valley. Its dealings in that valley have been uniformly just, fair and liberal, particularly in the purchase of property.

Par. 35-a. "Promise after promise by the City has been broken, and there has been no belief that a different policy would prevail so long as the present dynasty rules there."

ANSWER: No instance of any broken promise is known to City officials. It would be well if a specific list of such alleged broken promises were submitted. A specific answer could then be made.

Par. 35-b, 36, 37, 38 and 39. "Thus came about the seizure of the Alabama Hills spillway on Nov. 16th, 1924. How many did it is unimportant—there were enough. They were the representatives about whom immediately rallied a practically unanimous public sentiment. During the time of holding the gates from 300 to 1000 persons were there daily, the men to watch if need be, the women to provide for them. The town of Bishop was practically closed for business purposes for three days while its business and professional men shared in the vigil with their farmer neighbors. When the Clearing House Association of Los Angeles promised to use its best effort for an immediate adjustment, the gates were closed, and the aqueduct water went on its way to Haiwee reservoir. But the concession to the promise was not made without argument, and it is more than probable that if the untruthful report printed in the Los Angeles Examiner of November 21st had been foreseen, the water would still be wasting into Owens River and lake.

"The City of Los Angeles has shrewdly done its work under color of lawful proceedings. It is horrified at the actions of men who invoke a law higher than the statutes, and its officials feel duty-bound to mouth threats as to consequences to the

disturbers. That is all sound and fury, signifying nothing. They must talk to save their faces.

"Owens Valleyans did not 'lay down' in peacefully departing for their homes after receiving a promise from a responsible source that their wrongs would receive attention. They were willing to wait a little longer—but not too long. Purblind officials who have trifled with and almost destroyed prosperous communities should make no mistake as to the continued seriousness of the Owens Valley situation. Withdrawal of valley men from the seized gates has not settled the issue.

"Last summer's dynamiting of a small bit of aqueduct was nothing serious; it was merely a warning, just as was the aqueduct seizure.

"Inyo has no resentment at the City, but at those who have been permitted to lord it over Owens Valley for a score of years. The development of one of the best parts of California has been crippled, possibly killed, by the whims and the contemptuous faithlessness of those men. Surely the affairs of Los Angeles can be put into the hands of individuals who believe in keeping faith and in decent justice and fairness; if not, then upon Los Angeles must fall the blame."

ANSWER: The above quoted concluding paragraph of the section entitled "History and Statement," consist of an attempted justification of past acts of violence, thinly veiled threats of future violence, and personal attacks upon the officers of the City.

Mr. W. W. Watterson, referring to the mob's seizure of the aqueduct, lauds and extols the "actions of men who invoke a law higher than the statutes." He also twits the City by boasting that "Its officials feel duty bound to mouth threats as to consequences to the disturbers," saying, "That is all sound and fury, signifying nothing. They must talk to save their faces."

With the leading citizen of the Valley displaying such contempt for the rights of property and the enforcement of the law, it is not surprising that the Sheriff of the county, in seeking to execute the orders of the court, when appealed to by the City to protect its property, found himself powerless to cope with the situation. The record made in this matter is one which Mr. Watterson should not be proud of as a citizen of Inyo County. Upon the seizure of the Alabama Hills Spillway, the Sheriff telegraphed the Governor of the State as follows:

"Independence, California,
November 16, 1924.

"Governor Friend W. Richardson,
Sacramento, California:

"Approximately 100 citizens have opened Los Angeles aqueduct headgates, turning water out of aqueduct into Owens River, and are standing guard over headgate resisting all efforts to close headgates. All efforts to disperse party have failed. Confident party will disperse and bloodshed be averted only by arrival of state troops. I urge that troops be sent immediately. Location of party is about five miles north of Lone Pine.

C. A. COLLINS,
Sheriff."

In reply he received the following message:

"Sacramento, California,
November 17, 1924.

"C. A. Collins, Sheriff,
Independence, California:

"You have abundant power to control situation and can deputize any number of citizens to help you or call upon by-standers to assist. I hope you will use every endeavor to control the situation, as I feel that the sending of National Guardsmen there would result in bloodshed and destruction. Do your duty bravely and in the end you will receive commendation.

FRIEND W. RICHARDSON,
Governor."

Notwithstanding the Governor's injunction to do his duty, the Sheriff still felt powerless to enforce the law, and sent a second telegram to the Governor as follows:

"Independence, California,
November 17, 1924.

"Governor Friend W. Richardson,
Sacramento, California:

"Impossible to secure sufficient citizens to disperse mob. I am informed that they will disperse quietly upon the arrival of National Guardsmen, no matter how few, but will obey no other authority. I am sure guardsmen is only authority who can quietly disperse them and without bloodshed. Arrival of twenty guardsmen will disperse them quietly, as they are all without arms. Please send them forthwith.

C. A. COLLINS,
Sheriff."

The Governor replied as follows:

"Sacramento, California,
November 19, 1924.

"C. A. Collins, Sheriff,
Independence, California:

"I hope you will do your duty fearlessly and if you do you will receive commendation in the end. People elect sheriffs to stand up and prove their courage. If these men are 'all without arms' as you state in your telegram, then surely you and your deputies can maintain order and carry out the orders of the court. This is a crisis in which you will use your manhood and courage.

FRIEND W. RICHARDSON,
Governor."

Mr. Watterson has been making frequent visits to this city for the purpose of forcing the City to purchase the property in Owens Valley represented by himself and his associates. He claims that the City, though proceeding legally, has done

great injury to the people of his section and should make reparations. In appealing for justice to the citizens of Owens Valley we feel that it is incumbent upon him to show some regard for the right of Los Angeles to protection for its property in his county, where Los Angeles is by far the largest single taxpayer.

The paper laid by Mr. W. W. Watterson before the Clearing House Association, containing threats of violence and destruction of property belonging to the City, may properly be taken as expressing his own purpose and attitude toward the City, and he and his associates must expect to be held strictly accountable for the same. He takes the position that the City, by purchasing lands and water rights in Owens Valley, has damaged those whose property in that valley has not been acquired by it, and that the City, by way of redress, must pay "reparations" of more than $5,000,000. This demand, coupled as it is with threats of further violence affecting the City's Aqueduct System if such reparations are not forthcoming, certainly imposes upon Mr. Watterson and those acting in concert with him, a very grave and definite responsibility for any acts perpetrated in carrying such threats into execution.

"STATEMENT OF FACTS RELATIVE TO DAMAGES."

Par. 41-a. "Prior to the year 1905 and before the City purchased any land in Owens Valley, the United States Reclamation Service engineers investigated and recommended a project for Owens Valley designed to irrigate between 150,000 and 200,000 acres of irrigable land."

ANSWER: As shown in paragraph 10-a, the project was never recommended by the Chief Engineer of the Reclamation Service. The report of J. C. Clausen, the engineer detailed to make preliminary surveys, recommended a project which would irrigate 97,223 acres in a dry year and 141,241 acres in an average year. Both figures include the area of 35,000 acres already thoroughly irrigated at that time. These figures are taken from his report of November, 1904, to J. B. Lippincott, Supervising Engineer for the State of California.

Par. 41-b. "From that time until prior to the year 1922 the City's purchases totaled 95,000 acres. There then remained 62,000 acres of land mostly irrigated, tributary to the town of Bishop; 13,000 acres tributary to the town of Big Pine, and 8,500 acres tributary to the town of Independence. Since that time the City has purchased 24,500 acres of the area tributary to the town of Bishop; 7,000 acres tributary to the town of Big Pine, and 5,200 acres tributary to the town of Independence. Considerable of the remaining area is scattered and disconnected."

ANSWER: The figures with regard to acreages in the vicinity of the various towns characterized as "mostly irrigated" are incorrect. The corrected figures are given in the answer to paragraph 42 below.

Par. 41-c. "It is also to be understood that in the Big Pine area a considerable additional acreage is now under option to the City which will still further reduce this area."

ANSWER: Most of the additional acreage under consideration for purchase at Big Pine will be continued under irrigation under the proposed Big Pine project.

Par. 42. "The following table illustrates the foregoing:

"AREA	No. acres under private ownership 1922	No. acres purch. by City of L. A. 1922 to date	No. acres remaining at present.	Percent. of 1922 acreage.	No. acres City now proposes to leave.	Percent. of 1922 acreage.
"Bishop area	62,000	24,500	37,500	60	27,500	45
"Big Pine	13,000	7,000	6,000	46	2,500	19
"Independence	8,500	5,200	3,300	39	0	0
"Total	83,500	36,700	46,800	56	30,000	36"

ANSWER: This table is very misleading, owing to the fact that the 1st, 2nd and 3rd columns of acreages include not alone cultivated and irrigated land, but partially irrigated land and dry land, while the column of acreage headed "No. acres City now proposes to leave" would be entirely irrigated and be assured of a supply, and hence capable of cultivation. Revising the table so as to make the comparison on the basis of cultivated and irrigated land alone, the following figures result:

AREA	No. Ac. Irrigated 1922.			No. Acres Irrigated Land Purchased by City 1922 to date	No. Acres Irrigated Land Remaining at Present	Percent of 1922 Acreage.	No. Ac. Irrigated and Cultivated Land City Now Proposes to Leave. (e)	Percent of 1922 Acreage.
	Cultivated Land (a)	Pasture Land (b)	Total					
Round Valley	5,000 (c)	1,000 (c)	6,000 (c)	100 (c)	5,900 (c)	98	5,900 (c)	98
Bishop	18,900	18,500	37,400	12,400	23,200	62	21,100 (c)	111
Big Pine	4,700 (f)	2,200 (f)	6,900 (f)	4,400	2,500	36	3,000 (d)	64
Independence	5,300	0	5,300	3,800	1,500	28	3,000 (d)	58
TOTAL	33,900	22,000	55,600	20,700	33,100	60	33,000	98

(a) Full water supply in all ordinary years but subject to shortage in early and late portions of ordinary irrigation seasons and in dry years.
(b) Partial supply.
(c) Approximate.
(d) This area may be increased.
(e) Full supply of water and partly in City and partly in private ownership.
(f) Includes Fish Springs and Sanger Ditch areas.

It is to be noted in connection with the revised table:

1. That the area proposed to be left by the City is to be furnished a full water supply and hence may be intensively cultivated. This has not been the condition in the past with regard to much of the cultivated land. It will, of course, include all the best land now under cultivation.

2. That this proposed area of fully irrigated and cultivated land is 33,000 acres, which is but 900 acres less than the fully irrigated and cultivated area in 1922, and thus that there is to be practically no decrease in fully irrigated and cultivated land.

3. In addition to the irrigated and cultivated land proposed to be left by the City, the pasture land, although largely in City ownership, will still be available for pasture, surplus water being available for irrigation in ordinary years.

Par. 43. "The values of farm lands and of the town property which they surround, assuming they have fertility of soil and sufficient water to insure production, as is the case in Owens Valley, are controlled and fixed by the growth and further development of the community and the resultant increase in population. An increase in the growth and development means also a constant increase in the value of farm and town property."

ANSWER: With regard to the sufficiency of water to insure production, herein referred to, it is important to note that the use of water in the Owens Valley had almost reached the limit of supply before the City came into the Valley. Any further increase of irrigated acreage could only take place by the provision of storage facilities. Such facilities would be largely for the benefit of the dry lands. The latter are not of sufficient fertility to stand the cost of storage, and in addition the cost of preparing them for efficient irrigation and agriculture. The best lands in the Owens Valley, and those sus-

ceptible to cheapest irrigation, were naturally put under irrigation first. Hence the further growth of the Valley was limited by economic and physical conditions, even had the City not entered.

Par. 44. "A decrease in the cultivated area of a community, whether sudden or of long duration, not only retards the growth and development, but takes away bodily the support of the community in the proportion that the area is reduced. The remaining cultivated area restricted as to growth also suffers a decline in values."

ANSWER: The value of the remaining cultivated area would not suffer a decline in value, but rather an increase in value. If some of the land is removed from cultivation then there is less land to meet the demand than there was before, and, therefore, more competition among those seeking to secure land. In looking at it from another standpoint, one of the largest industries in the Valley is stock-raising. The possession of the right to graze in the National Forest is much sought after by stockmen. The area of such grazing land is limited. Reduction of the cultivated area in the Owens Valley leaves a greater area of range in the National Forest available for each cultivated farm remaining in the Valley, permitting the owner thereof to carry a greater number of cattle, and hence increasing the production of his Valley land and the value thereof.

Par. 45. "Let us assume, for example, that the water supply of Los Angeles has been developed to its limit and that through some agency that supply were reduced twenty-five per cent. What would happen to property values?"

ANSWER: See answer to paragraph 46.

Par. 46. "Not only would twenty-five per cent of the property lose its entire value, but the remaining property, though still having a complete water

supply, would suffer material decrease for the reason that the City's growth and development was absolutely checked. This would result in an overbuilt city with a resulting competition in rentals and reduction of business volume sufficient to seriously and permanently affect revenues."

ANSWER: The name of Los Angeles and the desire of people to live there has become established. If the area of the City was cut down 25%, the values of the remaining property would increase, due to the fact that it would be insufficient to meet the demand and competition among the newcomers to secure property. The attractions of Los Angeles and vicinity could not be destroyed by the reduction of its water supply 25%, and hence the demand for property would continue to an intensified degree.

Par. 47. "As an illustration we have in mind certain isolated ranches in Nevada, having an ample water supply for the area irrigated whose property values remain the same year after year, no increase being possible."

ANSWER: This is covered by the answer to paragraph 50.

Par. 48. "There are many other deterring factors which result from this decrease in area, such as the decrease in school, social and other development, of which a growing and prosperous community avails itself. These are material factors and if the community is on the uplift they continually increase values. People as a rule prefer to live in a community where living conditions are constantly improving, where schools, roads, etc., are constantly being improved. The towns of Owens Valley are fundamentally the result of agricultural growth and development of the surrounding areas. Decrease of the one automatically decreases the other. There are other contributing factors to the support of towns, and incidentally farm areas, such as mining, industries, tourist travel, etc. These are apart

from and in addition to the basic, or fundamental, support of its agricultural development, and the taking away or reduction of the latter causes a loss as definite as though the former were absent."

ANSWER: This is practically covered by answers to other paragraphs. In this connection, however, it may be noted that any possible injury to the towns of Owens Valley is largely prospective, and that it is the desire of the Board of Public Service Commissioners, as indicated by the resolution of October 14, 1924 (Exhibit 6), and the appointment of the Special Owens Valley Committee, to obviate such injury, by methods which seem appropriate to each community.

Par. 49. "Any increase in tourist traffic is inherent to the valley itself, and the City's belated action in good road promotion, while appreciated by the valley, is a factor separate and apart from its actual sustained loss."

ANSWER: The tourist traffic is not inherent in the Valley itself, but rather depends upon the population of the City of Los Angeles; the greater its population the greater the volume of tourist traffic. This population in turn depends upon the availability of water from the Owens Valley, hence the loss of value, if any, due to the taking of water, would be in direct proportion to the increase in value due to increased tourist traffic and thus would tend to counterbalance.

Assuming before the City made any purchases, that an average of one family occupied a ranch of 160 acres, the water serving this area, if transported to Los Angeles, would serve from 5 to 8 times the acreage and the latter area would support nearly 4000 families at the rate of 5 families per acre in a suburban district. The volume of business arising from tourist traffic from 4000 families in Los Angeles, with a good road to the Owens Valley, would certainly be in a degree equivalent to

that of business arising from one farm family in the Owens Valley.

Par. 50. "It has been stated that land values have materially increased in Owens Valley in the last 20 years. True; so have the value of all lands with a water supply increased in that time over the entire state. Had Owens Valley not been invaded by the City in 1905 and 1906 it is safe to say that our total valuation would have been more than double."

ANSWER: If Los Angeles had not gone to Owens Valley in 1905 the railroad would not have come to the Valley and the conditions there would have remained as in the illustration of the isolated ranches in Nevada, as mentioned in paragraph 47 of the Watterson statement.

Par. 51. "While this condition is being brought about in Owens Valley by the removal of its water resources, that same water is creating in San Fernando Valley a condition of progress and prosperity that Owens Valley hoped to see at home, which condition is expressed in the following editorial in the Los Angeles Examiner under date of December 6, 1924:"

ANSWER: While it was, of course, natural that the Owens Valley people should desire to see the utmost prosperity in their region, it should not be forgotten that the lands in the vicinity of Bishop are approximately four thousand feet above sea level, so that the growing season is very much shorter than in Southern California, and the land is unfitted for citrus fruits and the like, while the San Fernando Valley, by reason of its favored situation, and its proximity to the densely populated portion of the City of Los Angeles, was susceptible of a degree of improvement and prosperity which could not be expected in the Owens Valley under any conditions. In this connection attention is called to the answer to paragraph 49.

NOTE: Paragraphs 52 to 56 are quotations from an editorial in the Los Angeles Examiner, entitled "The Miracle of San Fernando," and, like the extract from the Los Angeles Times, hereinabove referred to, are deemed not to require comment.

Par. 57. "With a reduction of our agricultural area to a mere fraction of the original, we not only lose all increase in the values of the remainder, but are certain of a larger depreciation."

ANSWER: As shown in the answers to paragraphs 41-a-b and c, and 42, the City's plan would leave under full cultivation and irrigated with a full water supply 33,000 acres. As compared with this there was a total of 33,900 in the same territory in 1922, with a full water supply in ordinary years, but subject to shortage in the early and late portions of the irrigating season even in ordinary years, and throughout dry years. Thirty-three thousand acres of the best land with a full supply throughout the whole of the irrigating season of each year, and even during dry years, will certainly produce more, and do more to support neighboring towns, than if there were a far greater acreage subject to early and late seasonal and dry year shortages and including poor as well as good land.

Par. 58. "The overhead expense of maintaining the county, municipal and district government are constantly increasing, but the revenue-producing area is being so materially reduced as to cause a much heavier burden in the shape of taxes and assessments than have prevailed heretofore."

ANSWER: The purchase of private lands by the City does not withdraw them from taxation.

Par. 59 to 63. "The following specific instances of depreciation of property values will prove, upon investigation, a general condition in the entire valley:

"A little over a year ago the Government was seriously considering erection of a Federal building

in Bishop to house the postoffice and its agencies in that county. That idea has now been abandoned.

"A large building and several lots in Big Pine, representing an actual investment of $16,000, are now under mortgage in the sum of $4,900. A little over two years ago the owner died. The estate has been endeavoring to sell this property for over a year now for as little as the amount of indebtedness, but cannot dispose of it.

"A corner lot in Bishop, upon which was located a store building housing one of the oldest dry goods stores in the county, was sold about a year ago for $8,000; due to the fact that the owner could see no future for the valley or town, the entire stock and fixtures of the store have since been sold for less than cost. A little over two years ago the owner refused $24,000 for this lot and building.

"Some three to four years ago a bare corner lot in Bishop, long vacant, was purchased for $7,000 with the idea of building. This lot cannot be sold today for $2,500.00."

ANSWER: Obviously, the allegations of specific instances cannot be specifically replied to without an investigation on the ground, which cannot be made without delaying the submission of this answer. However, such information as is at hand tends to indicate that the statements made are not all accurate, and that causes other than acts of the City were responsible for any depreciation that may have occurred. In this connection it should be pointed out that conditions such as those noted have existed in many other parts of the State.

Par. 64. "Farm property in Owens Valley if forced to a sale, aside from the possibility of purchase or reparation, by the city, would not bring fifty cents on the dollar of its actual value. There has been little or no sale or interchange of property, as between farmers, for the past two years."

ANSWER: The fundamental reason for the stoppage of sales has been that, due to the belief that they could sell to the City at inflated prices, no owners have been willing to sell property at its intrinsic value, so that there has been no demand for property in the ordinary course. Other tangible and outstanding causes, entirely ignored in Mr. Watterson's statement, have greatly affected the value and salability of property and business conditions in the Owens Valley. These are unprecedented drought, general depression of agriculture, hoof and mouth disease quarantine, reduced tourist travel and local dissensions over water rights. These causes are more fully commented on and explained in other answers.

Par. 65 to 68. "Upon your consideration of either our first, or our second proposition, we will undertake to satisfy you fully:

"First: On the question of the amount of our damages, which we estimate at $5,300,000 to farm lands and to property in the five towns of the Valley;

"Second: We will undertake the labor and responsibility of fixing the individual damages of our people, and of distributing the awards on a standard and equitable basis;

"Third: We will secure for the City in exchange for these amounts the rights from all property-owners in the area affected to the free use of the immense underground reservoirs, declared by the City's engineers to be of paramount value to the aqueduct supply."

ANSWER: These paragraphs will be covered in the comments on the proposition of Mr. Watterson (paragraphs 118 to 125).

"AVAILABLE WATER SUPPLY OF THE OWENS VALLEY."

"IMPORTANT EXTRACTS FROM RECENT REPORTS OF IRRIGATION ENGINEERS AS TO THE BEST AND MOST CERTAIN SOURCES OF SUPPLY FOR THE LOS ANGELES AQUEDUCT."

"From the Hill, Lippincott, Sonderegger Report to the Department of Public Service. August 14th, 1924."

Par. 69. *"'The available local supply for the City of Los Angeles is about 139 sec. feet continuous flow. In addition, 400 sec. feet can be delivered by the aqueduct from Owens Valley during the driest years and leave 30,000 acres under irrigation in Owens Valley.' 'It is assumed that adequate storage is provided at both ends of the aqueduct and pumping rights acquired.'* (Page 1.)"

ANSWER: The underlining is not in the original report.

Par. 70. *"'If all Mono Basin water is added to the entire amount which can be conserved in Owens Valley after destroying all irrigation, and there is built another aqueduct of 350 second feet capacity, then including the local supply, there would be available 920 sec. feet continuous flow or about enough for the City within its present boundaries for the next thirty-five years.'* (Page 2.)"

ANSWER: The underlining is not in the original report.

Par. 71. "COMMENT—*This means that the supply available from Owens Valley and Mono Basin to the City of Los Angeles, with the proper storage and purchase, would be 7½ times greater than what the City was actually getting into its aqueduct during the summer of 1924.*"

ANSWER: The comment is not in the original report, but inserted by the one making the extracts. It should be noted that the ratio of 7½ times is incorrect. If the local supply available to the City of Los Angeles be added to the total supply available from Owens Valley and Mono Basin, the ratio would then be approximately correct.

Par. 72. "*'We are today facing a similar situation' (as that in 1905 when present aqueduct was imperative), 'and it will be more difficult each year to obtain a large additional water supply.'* (Page 3. Par. 1.)"

ANSWER: The words "(as that in 1905 when present aqueduct was imperative)" are not in the original report.

Par. 75. "*'If it is assumed that the City acquire pumping rights in the Bishop region and establish pumps with a maximum capacity of 130 second feet and an equal pumping development in the Independence region, it would then be possible to pump 391,000 acre-feet of water from these two underground reservoirs during the nine-year critical period without a serious lowering of the water level.'* (Page 12, Par. 3.)"

ANSWER: The following words are omitted in this quotation in the first line following the word "that": "Long Valley dam is not built, Tinemaha is built for 16,750 acre feet capacity, irrigation is continued in Round Valley, and on the side streams of the Bishop region, and with a reasonable use of water of 4½ feet in depth annually per irrigated acre under the Owens River canal for the private lands now served, and a depth of 4 feet for the lands now under irrigation from the Bishop Creek canal,". Also, the figure $391,000" should be "291,000."

"From a report made by Thomas H. Means, formerly Consulting Engineer, United States Recla-

mation Service, on the Water Supply for Los Angeles from Owens River Valley. January, 1924."

(NOTE: In connection with these extracts, attention is directed to the answer to paragraph 111-a.)

Par. 78. "'These new purchases of water do not increase the supply enough to fill the present aqueduct, during such dry years as those recently passed through.' ('purchases' meaning those in Owens Valley.) (Page 1, Par. 3.)"

ANSWER: The date of the report is January, 1924, so that this statement was made prior to large purchases which have been made by the City during the year 1924. Such purchases have materially increased the supply available to the Aqueduct

Par. 79. "'In other words, the aqueduct will have a record of six consecutive years of deficient supply.' (Page 3, Par. 1.)"

ANSWER: This statement refers to the conditions existing during the period of dry years, 1919 to 1924.

Par. 84. "'A water supply for City must be dependable at all times—no shortage in supply should be tolerated. On that basis under present conditions, the aqueduct is dependable for a supply of 263 second feet or about 61 per cent of its designed capacity.' (Page 9.)"

ANSWER: The last statement is not based upon conditions of the present date in reference to the acquisition of sources of supply by the City, but as of the date of January, 1924. With acquisitions made during 1924 the dependable supply of the Aqueduct has been very materially increased.

Par. 86. "'The term Bishop Basin is used to designate the portion of Owens Valley above Tine-

maha. It includes all the valley above the aqueduct intake.'"

ANSWER: The words "below the gorge and" appear in the original report after the word "valley" and the words "the narrows of the valley at" appear after the word "above."

Par. 89. "*'Conditions in the Bishop Basin are much more favorable for water development than in the Independence region. The larger streams debouching in this part of the valley have brought down larger debris cones and coarser material. The result is that wells will be more dependable and the yield greater than in the Independence region where the finer deposits occur.'* (Page 20, Par. 3.)"

Par. 90. "*'The materials encountered in wells in Owens Valley are everywhere sands, clays and gravels in alternate layers. The amount of water which can be secured by lowering water levels in such formations varies greatly. The porosity varies from 30 to 50 per cent by volume and probably averages about 35 per cent. The drainage of such materials by lowering water plane results in the recovery of from 20 to 25 per cent of water by volume.'"*

Par. 91. "*'If we assume the lower figure, 20% as the amount of water recoverable from the underlying strata, there are available 15,000 acre feet in each foot of depth of the 75,000 acres of valley floor. If we regard 50 feet as the practical depth to which water can be lowered, we have here 750,000 acre feet of water available for use. It is in an underground storage basin with the minimum of opportunity for loss by evaporation.'* (Page 20, Par. 4 and 5.)"

Par. 92. "*'This quantity of water is in most favorable location for recovery and delivery to the aqueduct, as it lies directly above the aqueduct in-*

take. The City of Los Angeles can protect its water supply for all time and insure the full aqueduct supply if it will take the precaution of drilling wells in this territory and of being prepared to pump in the dry cycles.' (Page 21, Par. 2 and 3.)"

ANSWER (to Par. 89 to 92): The statements that the Bishop region is so much more desirable than the Independence region for the development of underground water is as yet entirely a matter of judgment. The City has drilled numerous wells in various locations in the Independence region showing that satisfactory yields can be obtained from wells in that region at almost any point. Only two test wells, however, have been drilled in the Bishop region, and at points relatively close together, and no information from actual tests is available from any other portion of the basin. Until such tests have been made the superior desirability of the Bishop region for the development of underground water has yet to be proved.

In paragraph 91 it is stated that 750,000 acre feet of water are available for use by pumping in the Bishop region. Such a statement has no meaning, in view of the fact that the amount that can be pumped from an underground basin must have some relation to the volume of water absorbed by the gravels from surface waters. If this whole amount of water was pumped out and it did not replenish itself in years of plenty it would be like emptying a reservoir during the first year of a long drought, leaving nothing for the succeeding years. Obviously, the amount of water which can be pumped from the Bishop region must be limited to that which will naturally replenish itself during years of plentiful water supply.

Par. 96. "'Los Angeles can therefore be assured of an average water supply in excess of 947 second feet from Owens Valley and Mono Basin, a quantity sufficient to care for the City's requirements for many years. This quantity will supply 130

gallons per capita to 4,700,000 people, or 100 gallons per capita per day to 6,000,000 people.' (Page 33, last paragraph.)"

ANSWER: The words "or 100 gallons per capita per day to 6,000,000 people" do not occur in the original report. It should be stated that the conclusions of the Consulting Board composed of Messrs. Hill, Lippincott and Sonderegger, whose report was submitted August 14, 1924, showed that the total amount of water available, as a continuous flow from the Owens Valley and Mono Basin combined, was not 947 second feet, but 725 second feet. This conclusion is based upon the later data available to the Board of Engineers as a result of extreme dry conditions of 1924.

"STATEMENT RELATIVE TO WATER CONDITIONS OF OWENS VALLEY."

Par. 101. "In the heart of this district five towns were established and flourished. In 1903 the agricultural growth of this region stimulated the United States Reclamation Service to measure the annual flow of the numerous streams flowing into the Owens River and to survey reservoir sites and undertake other investigations with a view to bringing the whole area of approximately 200,000 acres of land under irrigation. About this time the City of Los Angeles started in search of an adequate and pure water supply."

ANSWER: This statement is covered by the answers to paragraphs 9-a to 14 and 41-a.

Par. 102-a. "The Owens Valley region and its watershed met these requirements so satisfactorily that that city induced the Reclamation Service to turn over to it, at cost, the filings, reservoir surveys, and other data, and withdraw from the project."

ANSWER: These matters are covered in the answer to paragraphs 9-a to 14.

Par. 102-b. "The history of the building and completion of the aqueduct into this Valley is so generally known that nothing further need be said. Suffice to mention the fact that the aqueduct intake in the lower end of Owens Valley picked up the surplus waters left in Owens River after the farmers and cities above had taken out sufficient for their irrigation needs, the city depending practically entirely for their supply upon such surplus and return waters as remained in the river below the inhabited and tilled area of that portion of Owens Valley lying above the aqueduct intake."

ANSWER: It is not true that the City depended practically entirely upon the surplus and return waters. At the inception of the project it bought

outright several of the ditches, including the East Side Canal, Stevens Ditch, and other ditches.

Par. 103. "This condition continued until 1923, when due to the rapid increase in the population of the City of Los Angeles and the beginning of the present dry years, the acute water shortage became a growing menace. The City had provided for no reservoir or reserve for secondary water supply, depending upon the return or surplus waters of Owens River."

ANSWER: The City has provided ample storage for ordinary regulation at the Haiwee Reservoir and at the lower end of the aqueduct. The reason no over-year storage has been provided in surface reservoirs is that the records of the past six years show that no water would have been available during that period for this purpose. The Long Valley Reservoir site, the only one available for over-year storage, would probably be too leaky to hold water for such an extended period of time. The City, however, has acquired extensive holdings of land in the Independence region, and elsewhere in the Valley, which afford a large underground storage capacity, which is being developed by the City, and being used, in effect, as over-year storage. The selection of the San Fernando Valley as the place for the use for irrigation of the temporary surplus water was also made with a view to the use of the underground storage capacity of that valley for a similar purpose, as hereinafter explained.

Par. 104. "Beginning in the year 1923 representatives of the City began a secret and what eventually proved to be an unethical and ruinous system to the community of buying from the farmers of the Valley water and water rights. Many of these purchases were isolated from the others and were not consolidated either in areas or in control of water ditches or streams. The unsuspecting residents of the Valley did not awake to the seriousness of this

situation until the City had spent several million dollars in this manner and had begun to exert pressure upon the district to secure additional water to take to Los Angeles."

ANSWER: This is untrue. From the very beginning of the purchases of land and water in Owens Valley, and up to the present time it has been the City's policy, whenever possible, to purchase all lands under each ditch. This is borne out by referring to the complete purchases of the East Side Canal, the Stevens Ditch, the Dell Ditch, the Last Chance Ditch, Blake and Miller Ditch, George Collins Ditch, the Love Ditch, the Russell Ditch and the Owens River and Big Pine Canal. The upper and lower McNally Ditches were all purchased, or are now being purchased, except the lands of one owner who withdrew from a pool arrangement recently made. In this case the transaction was closed with the rest of the pool at their urgent request, although the City would have preferred to acquire all the holdings.

It was not until after the water users in the canals in the vicinity of Bishop had announced that they would prevent by physical force the taking into the aqueduct of the water of ditches purchased by the City, that the latter made any scattering purchases of lands and water rights. After that refusal, however, the City purchased certain holdings under the Farmers, Rawson, and Bishop Creek Ditches, which could be obtained at reasonable prices, in order to assure itself of receiving the water which it should have received under the purchases of the canals bought outright.

Par. 105-a. "When the facts became fully known, some of the farmers became timid, some angry, some bewildered, until the whole morale of the population was greatly disturbed."

ANSWER: The disturbance of conditions in the Valley was due to the spreading of propaganda and

exaggerated and false reports, for which the City was not responsible.

Par. 105-b. "The situation of the Valley became known abroad."

ANSWER: This was accomplished by broadcasting propaganda in the local Owens Valley papers, and by an attack on the policy of the City of Los Angeles made in a series of sensational articles in the San Francisco Call, and written by a brother-in-law of Mr. W. W. Watterson.

Par. 105-c. "Outside capital declined to lend money to either refund maturing mortgages on Owens Valley farms or for the purpose of supplying capital to improve new sections of land, or other necessary projects."

ANSWER: This was due largely to the fact that mortgages, in many cases, exceeded the agricultural value of the land; also to the fact that on account of the generally depressed state of agriculture in recent years, it has not paid to improve new sections. (See also answers to paragraphs 34-b, 34-c, and 64.)

Par. 106-a. "Naturally, in the midst of such a situation no outsider would buy any lands in the valley, nor would the inhabitants themselves buy or sell from each other."

ANSWER: Valley land was not sold because the hope of selling to the City had caused such an inflation of selling prices that no one else could afford to buy. Furthermore, the depreciation in market prices for farm products all over the United States has almost stopped farmland buying throughout California and many other parts of the United States, and the Owens Valley shares in the situation.

Par. 106-b. "This suddenly brought home to the people a realization that the only prospective purchaser for their property was the City of Los An-

geles and that the city was pursuing a policy of breaking down values by buying farming land with its attendant water at the lowest possible prices, turning such land to desert, and taking the water out of the valley to sell in the distant City of Los Angeles, for commercial purposes. There was not enough water for everyone."

ANSWER: The City has not bought at the lowest possible prices, nor adopted a policy of breaking down values. The prices which the City has paid are much above the agricultural value of such land, either in Owens Valley or elsewhere in California. In this connection it may be noted that the report of Mr. W. R. McCarthy (the author of the part of the statement now being replied to) as engineer for the Owens Valley Irrigation District, to the Board of Directors of that district, under date of March 20, 1923, made jointly with J. C. Clausen, (a brother-in-law of Mr. W. W. Watterson) as consulting engineer for the district, stated that the actual present value of the 53,990 acres of land in the district at that time, was $5,536,400 or approximately $100 per acre. It was further stated by Mr. McCarthy in the same report that approximately 8200 acres of this area was not irrigated. This would leave approximately 45,000 acres of irrigated land. If, for the sake of giving Mr. McCarthy's present statement the benefit of every doubt, it be assumed that the unirrigated land was absolutely worthless, and that the entire value estimated by him attached to the approximately 45,000 acres of irrigated land, it appears that his valuation of the *irrigated land* in the district was, at the most approximately $122 per acre. The actual price paid by the City of Los Angeles for approximately 22,000 acres under the Owens Valley ditches, purchased during the year 1923 and the first six months of 1924, was $145 per acre, or $45.00 per acre more than Mr. McCarthy's estimate of their actual average value. If the price paid be figured on the basis of irrigated lands, it amounts to $211.00 per acre, as compared

with $122 per acre resulting from an analysis of Mr. McCarthy's figures.

Par. 107 and 108. "The farmers, with old and prior appropriated and riparian rights along Owens River diverted what water there was into their canals for irrigation purposes. The City of Los Angeles tried to obtain some of this water, and in three separate instances they sought to accomplish this by force, without legal means, and in fact in direct violation of the superior rights of the farmers in this section. In August, 1923, the representatives of the City sought to divert Owens River into a new channel around the headgate of the Big Pine Canal, thereby to take the water from all the farmers who were supplied by that canal. Later, in the same year, the city forcibly broke down diversion dams in the headwaters of Owens River and of Rock Creek. These dams had been constructed by and were on the property of private owners for the purpose of lawfully diverting waters on their own lands and under rights which were admittedly superior to those of the City of Los Angeles."

ANSWER: It is true as stated that "the farmers * * * diverted what water there was into their canals." As hereinabove shown a large portion of this water belonged to the City by reason of its purchases of prior rights. With reference to the three alleged instances of the City's resort to force, the following may be said:

First: The Big Pine incident is fully covered in the answer to paragraph 27. The City merely sought peaceably to take possession of the water it had bought and paid for.

Second: The statement that the City forcibly broke down diversion dams in the headwaters of Owens River undoubtedly refers to dams in McGee, Convict and Hot Creeks, in Long Valley. The water rights in Long Valley were *not* admittedly superior to those which the City of Los Angeles had acquired by purchase of canals with older rights,

such as the George Collins Ditch, the McNally Ditch, etc., nor to those of the ditches in the Owens Valley remaining in private ownership. City representatives, in company with representatives of the Associated Ditches, broke dams on the head waters of Owens River in Long Valley for the purpose of protecting their rights in ditches with such older priorities, and in so doing followed the precedent set by the Associated Ditches before purchase by the City. Besides, these dams were at the time diverting an excessive quantity of water onto the adjacent lands, causing a great waste of water. This condition was injurious to the City, and also occasioned great complaint among the water users in Owens Valley.

Third: The releasing of water stored on Rock Creek was done pursuant to the outright purchase of the rights of those who had stored it. The City paid $45,000 for these rights. Mr. Watterson's bank was interested in the transaction, and received all the money. One of the objects of the purchase, which was understood by Mr. Watterson, was to enable the City to get control of the water then in storage as well as the storage rights. See also the answers to paragraphs 26-c and 27.

Par. 110-a. "There were originally many thousand acres of land under intensive agricultural development in Owens Valley. All of this was irrigated by gravity water from the Owens Valley watershed. The City of Los Angeles has purchased approximately 125,000 acres of these lands in the Owens Valley."

ANSWER: The area of thoroughly irrigated and intensively cultivated land in Owens Valley in 1904, according to the report of J. C. Clausen, Engineer, U. S. Reclamation Service, was 35,000 acres. The City purchases, particularly in the earlier years, have been largely pasture land or partially irrigated land. The acreage of intensively cultivated land

which has been purchased by the City is less than 10,000 acres.

Par. 110-b. "A great deal of authoritative data has been compiled by the Federal Government, the City of Los Angeles, and qualified engineers from time to time. In the main all of this data is substantially the same."

ANSWER: There is not entire agreement, as is indicated by answers to paragraphs 111, 112, 41 and 42.

Par. 111-a. "For the purpose of quoting the following statistics, I will use the written report of Thos. H. Means, Consulting Engineer, 369 Pine Street, San Francisco, which was made in January, 1924, on the subject, 'Additional Water Supply for the City of Los Angeles in Owens Valley and Mono Basin.' Many of the records quoted in the Means report were taken from published reports of the Bureau of Water Works and Supply of the City of Los Angeles. The Means report says 'The City of Los Angeles has grown so rapidly that additional water must be secured at once or the city will be faced with a serious shortage - - - according to testimony of Chief Engineer William Mulholland in a recent suit in Los Angeles.' 'If there had been any interruption to flow of the aqueduct in that period (1923) the supply available for the city would have been about 45% of the amount then being used for domestic purposes. Had an accident happened to the aqueduct, as has occurred several times during the past years, the City would have been on half rations of water in a few days.' The Means report states that after the city's 1923 purchases of additional water in Owens Valley 'The aqueduct had a deficiency of 130,000 acre feet.' Engineer Means after reviewing the water differences in the aqueduct for six years past states that, 'the aqueduct will have a record of six consecutive years of deficient supply.'"

ANSWER: At the outset it should be borne in mind that the said Means, at the time of making the report quoted from, was employed by the Southern Sierras Power Company interests in aid of an effort to sell to the City the water rights claimed by them in the Mono Basin, the water shed next north of that of the Owens River. It thus appears that Mr. Watterson and his associates, in seeking to force the City to buy their lands in Owens Valley, are driven to the use of arguments of an employee of the power interests to promote a sale by his employers to the City of a water supply from another basin.

Attention should also be called to the fact that Mr. Means appeared before the Committee of the House of Representatives, at Washington, D. C., when that committee was considering the proposed legislation with reference to the Boulder Canyon project on the Colorado River. He particularly opposed the plan for obtaining for the City an additional domestic water supply from the Colorado River.

The above quoted paragraph from Mr. Watterson's statement and subsequent quotations are confused and uncertain as to just what portions are intended to be quoted from the "Means Report", and there are also incorrect quotations therefrom. For example, inspection of the original Means report shows, that Means, and not Mulholland, makes the statement that "The City of Los Angeles has grown so rapidly that additional water must be secured at once or the City will be faced with a serious shortage."

Par. 111-b. "The Means report, after a chart of the preceding six years aqueduct flow, and the water available to the City for its aqueduct, states that 'the aqueduct is dependable for a supply of 263 second feet or about 61% of its designed capacity'."

ANSWER: This estimate does not include the water available to the City by a full pumping development from wells in the Independence region, which is now in progress. The supply, including this, is approximately 340 second feet in a dry year, or 80% of the designed capacity of the Aqueduct. If to this is added the water available from irrigated lands purchased in the Bishop and Big Pine regions, the available supply would be 375 second feet, if such water were not unlawfully diverted by the remaining ditches, as was the case in 1924.

Par. 111-c. "The author concludes, after a review of the official statistics relative to the Los Angeles water supply, and the future water requirements of that city, as follows: 'The water supply now available for Los Angeles will be exhausted in 1928, or earlier. It is urgent that the water supply be increased before that time. A City should have definite plans of water supply at least twenty-five years ahead. Within twenty-five years Los Angeles will have exhausted a supply about double its present aqueduct capacity.' (Page 12, Means Report.)"

ANSWER: The recent report of the Board of Engineers, composed of Messrs. Lippincott, Hill and Sonderegger, selected by the Chamber of Commerce to make an independent review of the water supply available from Owens Valley, concludes that the local sources around Los Angeles and a full supply from the present aqueduct will meet all requirements of the City until 1940. The Board of Public Service Commissioners has taken steps to insure a future supply for the City for at least 60 years ahead, as follows:

1. Securing a full supply for the present aqueduct by:

   a. Full development of the underground water resources of the Independence region.

   b. Initiation of a suit to define the water rights of Owens River ditches, both those purchased by

the City and those remaining in private possession, so as to obtain under court order the water it has purchased in the Bishop region.

c. Adoption of a policy for full development, conservation and handling of the water resources of the Valley, both surface and subterranean, which, according to the Lippincott, Hill and Sonderegger report, will insure a full supply of water both for 30,000 acres of intensively cultivated land and for the Aqueduct.

2. Initiating the Colorado River project for a domestic water supply for the City of Los Angeles and adjacent communities.

Par. 112. "The report quoting from authoritative and admittedly correct statistics and engineering data secured from many sources and over a period of years, regarding the water available to Los Angeles from the Owens River and Mono Basin concludes as follows:

*"'Los Angeles can therefore be assured of an available water supply in excess of 947 second feet from Owens Valley and Mono Basin, a quantity sufficient to care for the city's requirements for many years. This quantity will supply 130 gallons per capita to 4,700,000 people, or 100 gallons per capita per day to 6,000,000 people * * *. Power produced by water in passage from Long Valley reservoir to Los Angeles will pay interest on works for collection and transportation of water. Water can be delivered into City's distributing reservoirs from sales of power generated.'"*

ANSWER: The report referred to in the foregoing quotation is, of course, that of Mr. Means, engineer of the power interests claiming to have a water supply in Mono Basin which the City of Los Angeles should buy. The Lippincott, Hill, Sonderegger report, with more recent data available, concludes that but 725 second feet are available from the Owens Valley and the Mono Basin, if all avail-

able water is taken, and no irrigated land left in Owens Valley. With the present Aqueduct filled there would remain but three-quarters of enough for a second aqueduct of the capacity of the present. Enlargement of the present aqueduct is impracticable and the only way in which more water than can be carried by the present aqueduct could be brought to Los Angeles would be to construct a second aqueduct. Cost estimates show conclusively that a supply from the Colorado River would be far cheaper per unit volume of water delivered, and far greater in amount, than that available from a second Owens Valley aqueduct of three-quarters the capacity of the first, and that therefore a second Owens Valley aqueduct would not be economically justified.

Par. 113. "As a by-product of the water which can be purchased and sent to Los Angeles through the present aqueduct there can be generated a total of 720,000,000 kilowatt hours per year of hydro electricity. 210,000,000 kilowatt hours per year of this amount can be generated from Owens River water alone. The author estimates that the annual returns to the City from the sale of this power will be $6,380,000. After deducting interest on the cost, depreciation and operation costs of the Aqeduct, it leaves an annual net return to the City of Los Angeles for hydro-electric power alone of $2,830,-000. (Pages 27-29-33 and 34 of Means Report.)"

ANSWER: The statement is so indefinite in its assumptions of water supply, etc., that its meaning is not clear, and precludes definite reply.

Par. 114. "From these figures it is apparent that the city of Los Angeles has an actual and pressing domestic need for all available water in Owens Valley which can be obtained at fair prices."

ANSWER: This statement should again be contrasted with the earlier statement made in the Wat-

terson paper as follows: "The City is not after more water for meeting its own corporate needs, but for irrigating lands nearer to its own borders, or taken within them in order to give color of municipal use to such irrigation. It has water enough for every use that is legitimately a part of city government."

The reason for the inconsistency is apparent. In the statement last quoted Mr. Watterson and his associates were seeking to bring the City under criticism for purchasing water in Owens Valley, which, as he claimed, was *not needed* for any legitimate purpose in the city. In other words, he was trying to make the point that the City should not have made the purchases it has already made, but should have left the water in Owens Valley. In the statement in paragraph 114 he takes an entirely different attitude, and seeks to show that the City's "actual and pressing domestic need" is such as not only to require the use of all water already acquired, but to justify and require the acquisition of "all available water in Owens Valley which can be obtained at fair prices." As this argument of Mr. Watterson is obviously made to show that the City should accept his $12,000,000 proposition, the question arises as to what is a "fair price" for the property which he and his associates represent. His offer contemplates that $6,500,000 is the price for approximately 25,800 acres of land remaining in private ownership within the Irrigation District, of which approximately 16,400 acres is irrigated. The price he suggests is therefore an average of $252 per acre for the entire area, or if the value be considered as represented by the irrigated land, then $398 per acre.

It should be noted, however, that the item of $5,500,000 demanded in the second proposal, in addition to the $6,500,000 price of lands, is based on the idea of "reparations" to the owners of *all* the lands in the basin, which of course would include the land

proposed to be bought, so that in effect the price at which the land is offered is substantially in excess of an average of $252.00 and of $398.00 for irrigated lands. Just how much in excess cannot be stated, as Mr. Watterson has not seen fit to give any detailed information as to the manner in which the $5,500,000 is to be distributed. These demanded prices should be compared with the estimate made by Mr. Watterson's own engineer, Mr. McCarthy, in his report to the Irrigation District, dated March 20, 1923, and referred to in the answer to paragraph 106-b. As there shown Mr. McCarthy estimated the actual value of the lands as being $100 per acre, and computations based on his own figures of irrigated and unirrigated land, show that, even assuming all the value to inhere in the irrigated land, his estimate of the value of such land was but $122 per acre.

Par. 115. "It is quite apparent that the officials of the Los Angeles Water Department are thoroughly alive to this situation, although some statements have been publicly made to the contrary, else why should they have pursued such relentless and unethical tactics to take water at all costs from the people in Owens Valley who yearly appropriate it, have long acquired legal title to it, and for many years have consistently devoted it to a most beneficial use."

ANSWER: The City has paid more to the seller of Owens Valley property than it has been worth to him. Furthermore, by the payments which it has made to water-right owners for their water rights, the City recognized the legal rights of the owners of such water rights. Under such conditions can the City's methods be termed "relentless" and "unethical"? The persons from whom the City purchased were part of "the people in Owens Valley." They desired to sell, received their price, and in most instances paid off their mortgages to the Watterson

bank. Moreover, in not a single instance has there been any complaint on the part of any seller that he was not fairly treated by the City.

Par. 116. "It is generally conceded that the farmers and residents of Owens Valley have a prior right legally and morally to all the water in the Owens Valley watersheds which they can beneficially use. In dry seasons, like the past, this has included all the available water. The city of Los Angeles, until recently, never even sought to obtain any water excepting surplus or return waters remaining after the needs of the farmers and residents of Owens Valley had been fully supplied. Since the City Water Department began active efforts in 1923 to acquire water in Owens Valley it has carefully and persistently, though so far unsuccessfully, by litigation, contract, negotiation, compromise, purchase, and other forms of indirection, sought to find legal rights in that water prior to those of the local residents, or if not prior then at least equal, but so far the Owens Valley people have fully maintained their prior rights in and to this water."

ANSWER: It is not generally conceded, as asserted in Mr. Watterson's statement, that the farmers and residents of Owens Valley have prior rights to all the water in the valley which they can beneficially use. This statement is true only to the extent that such users have rights prior in point of time. The City has a right to take from the valley for the use of its inhabitants, water acquired by appropriations which are prior in time of initiation, whether made by itself or by residents of the valley from whom it has made purchases. Moreover, it acquired and owns all riparian lands and rights below its intake. Hence, with no lower riparian owners to object, the City has the lawful right, as against all appropriators, except to the extent that such appropriators have rights which are prior in point of

time, to divert for the use of its inhabitants all water covered by its appropriations.

The statement submitted by Mr. Watterson and his associates sets up new and strange standards for judging right and wrong. It characterizes the processes employed by the City to secure and safeguard its rights in water purchased by it, to wit: "Litigation, contract, negotiation, compromise, purchase," as "forms of indirection." If the authors of such statement are to be understood as meaning that, so far as Owens Valley is concerned, no respect is, or will be, paid to the judgments and orders of court, the obligations of contract, the salutary rule of adjusting differences through negotiation and compromise, or property rights acquired by purchase, then it must be said that they misrepresent the great majority of the people of that valley, and entirely misunderstand the officials and people of the City.

REPLY TO PROPOSAL DATED NOV. 29, 1924 SIGNED BY W. W. WATTERSON, AS PRESIDENT OF THE OWENS VALLEY IRRIGATION DISTRICT.

Par. 118 *"Bishop California,*
November 29, 1924.

"J. A. Graves, President,
Los Angeles Clearing House Association,
Los Angeles, California.

Dear Sir:—

In compliance with your request, and in behalf of the citizens of Owens Valley, we herewith present in writing as briefly as possible the conditions we feel should be met by the City of Los Angeles in the adjustment of the unhappy situation existing between the two communities."

Par. 119. "The proposition tendered the people of Owens Valley by the Board of Public Service Commissioners of your city of leaving 30,000 acres of land under cultivation in the northern part of the valley with a guaranteed water supply is acceptable to our people providing proper reparations are made to cover the damages suffered by the property holders in the valley."

Par. 120. "The acceptance of this offer on our part means consenting to the purchase and drying up of an additional 10,000 acres of land near Bishop by the City of Los Angeles; the cutting down of the area of the Owens Valley Irrigation District from its original amount of 54,000 acres to 16,000 acres (as 14,000 acres of the proposed 30,000 acres is outside of the Irrigation District and always has been.)"

*Par. 121. "*FIRST: *We will accept this offer if the City of Los Angeles will pay $5,300,000.00 to be used for reparations and to compensate the ranchers for shrinkage in values and reimburse property*

owners for like shrinkage in the five towns of Bishop, Laws, Big Pine, Independence and Lone Pine. While this amount will not fully cover the losses, it will be acceptable and in return therefor the City will have a free hand in all storage matters on the Owens River, so far as our people are concerned, for power and water and for all necessary pumping rights in the Owens Valley Irrigation District Basin; this basin being considered by engineers the greatest underground storage area in the Owens Valley watershed, control of which will insure a full aqueduct when proper pumping equipment is installed."

Par. 122. SECOND: *If the first proposition is not acceptable, we will sell all remaining farm lands in the Irrigation District excepting approximating 2200 acres, known as the Beckman Ranch near Big Pine, which would have to be dealt for separately, for a price of $12,000,000.00. Of this amount approximately $6,500,000.00 will be used for land and water purchases from the farmers and $5,500,000.00 for reparations to be used as indicated in the first proposition. This will leave the City with a free hand in storage matters and for pumping from the Irrigation District area as in the first proposition."*

Par. 123. "In the event the second proposition is not acceptable, we will leave the question of values and reparations in that offer to a disinterested board of appraisers or arbitrators, both sides to bind themselves to accept their findings as final, whether the amount be above or below $12,000,000.00."

Par. 124. "Engineers' reports and other data which may be of use to you in the consideration of these proposals will be handed to you under separate cover."

Par. 125. "It is obvious that any delay in settlement of this water difficulty is very costly to Los Angeles. It is equally costly to the Owens River Valley. Now that we have suggested a basis on which we can both go ahead and have yielded to the further shrinkage of our agricultural area, may we

express the hope that action may be prompt, and that a spirit of good will on both sides may take the place of any effort to gain technical advantage, or to raise hair-splitting questions. A settlement is more valuable than any consideration which might delay it.

Yours very truly,

Signed W. W. WATTERSON,

President of the Owens Valley Irrigation District."

ANSWER (to paragraphs 118 to 125): The principal contention made by Mr. Watterson appears to be, that the City, by its recent puchases of lands in the upper portion of the Valley, has greatly depreciated the remaining properties. The Board believes that it has been shown conclusively by the facts set forth in preceding answers, that no shrinkage in value of either ranch or town property, or loss of any kind, has been suffered by the residents of the Valley by reason of any act or policy of the City of Los Angeles.

Further, regarding such alleged depreciation, we wish to point out that the price now asked by Mr. Watterson for the remaining lands in the Irrigation District averages more than $252 per acre for all land, including dry as well as irrigated land, or more than $398 per acre for irrigated land alone. How much the price asked by Mr. Watterson really exceeds these figures, cannot be ascertained from his statement, but is represented by the amount per acre which would be apportioned to the owners of these lands out of the $5,500.000 asked as compensation for alleged shrinkage in value.

The question of shrinkage as affecting the lands on which Mr. Watterson submits said price may be tested by other circumstances. For instance, the answers hereinabove made, show that according to an appraisement made in March, 1923, by Mr. McCarthy, the engineer for the Irrigation District, of which Mr. Watterson is president, the average value of the land in the region is $100 per acre. Such answers also show that if Mr. McCarthy's

valuation of the entire area in the Irrigation District was spread over the irrigated lands alone, completely ignoring the dry lands, it would only bring the average up to $122 per acre.

Again, the very purchases made by the City, and complained of as depreciating the value of the remaining property, have been made at an average price of $145 per acre for all lands purchased, including dry lands as well as irrigated lands, or $211 per acre if computed upon the basis of the irrigated lands alone. In this connection it should be stated that in purchasing such lands, the City, although it dealt with a large number of land owners residing in Owens Valley, never in a single instance encountered any claim that the lands had been depreciated in value through the presence or operations of the City in the Valley.

It is quite evident, therefore, that Mr. Watterson's price, even without the so-called "reparations," being greatly in excess of the McCarthy appraisement and the price paid by the City in the purchases complained of, is not consistent with the claim that the remaining lands are greatly depreciated in value.

Furthermore, the Board is advised by its attorneys that, even if the City's purchase of lands in the Owens Valley had resulted in the shrinkage of values of remaining ranch and town property, this Board would be absolutely without power to expend the public funds entrusted to it in payment of claims on account of such shrinkage or depreciation. Such losses, while very regrettable, are among the hazards which all must take in buying property or establishing a business, and cannot be the basis of a legal claim for compensation.

This Board is not only willing, but anxious, to do everything within its power to improve conditions in the Valley, by assuring a full water supply to an area sufficient to support the towns (selected by co-operation between the City and the Valley people); by co-operating to bring about the highest possible development of that area; by co-operating to secure

needed highway and like improvements, and by enlisting the co-operation of civic organizations in increasing the tourist business of the Valley. It is obvious, however, that it cannot make illegal expenditures from the trust funds under its control.

Even if the voters of the City could be induced to authorize by a two-thirds vote the issuance of bonds for the illegal payment of the reparations demanded, it is practically certain that the bonds could not be sold, or, if sold, the proceeds of the bonds could never be actually applied to the payment of such reparations, and any single taxpayer in the City of Los Angeles would have the right to enjoin such expenditure.

The Board must, therefore, say that it is utterly impossible for it to give any consideration whatever to Mr. Watterson's demand for reparations, contained in his first proposal.

Referring to the second proposal contained in Mr. Watterson's paper, it should be pointed out that, inasmuch as it must be assumed that the offer to sell the remaining farm lands in the Irrigation District cannot be severed from the demand for "reparations," the foregoing considerations show that it cannot serve as a basis of negotiations. Even if Mr. Watterson's price for the lands could be severed from the item of "reparations," and the City were in the market for such lands, such price is unfair and inflated to an extent precluding consideration thereof.

The proposition submitted by Mr. Watterson that, if such second proposal is not acceptable the "question of values and reparations" be fixed by arbitration, cannot, for reasons stated above, be entertained.

In conclusion, we would call attention to the fact that, while the City cannot entertain, or legally carry out, any program of reparations in Owens Valley, it is not indifferent to the interests of that section. The officials of the City have no reason

or desire to hurt the people of the Valley. On the contrary, they sincerely wish, so far as their legal powers will permit, to preserve the interests and promote the future development of the Valley. The Board of Public Service Commissioners, after mature consideration, has adopted a constructive plan for harmonizing its water requirements with the continuation of the Valley as a prosperous agricultural community, and is prepared to do everything possible to put that plan into effect. The central feature of that plan is the maintenance of approximately thirty thousand acres in the Upper Valley, and from three to five thousand acres in the Lower Valley, all thoroughly irrigated and cultivated. These cultivated lands, with the present pasture lands, which are to be preserved as far as practicable, will insure a production exceeding anything known in the past history of the Valley. For these purposes, storage and development of ground-water will be required, and the City is prepared to provide the necessary funds therefor.

The Board has appointed a Committee to carry out such plan, and the Committee has organized, and for the past two months has been diligently prosecuting its work. The Committee has secured the services of a competent engineer and a trained and experienced agricultural advisor, and is prepared to handle the problems involved in a practical and intelligent manner. The Board feels that its plan for handling the situation in Owens Valley is one deserving the approval, not only of the people of that section, but also of the people of this city; and that, with a fair measure of support, it will be able to solve the complex difficulties affecting the relations between the City and the Valley.

By order of THE BOARD OF PUBLIC SERVICE COMMISSIONERS OF THE CITY OF LOS ANGELES.

(Signed) R. F. DEL VALLE,

President.

NOTE: Two or three copies of the various papers presented by Mr. Watterson to the Clearing House Association have come into the hands of the Board of Public Service Commissioners from different sources. It is noted that they differ from each other in punctuation, paragraphing and, in minor particulars, in wording. In preparing this answer, use had been made of different copies before these discrepancies were noticed. There may, therefore, appear to be minor differences, of the kind above indicated, between the original filed with the Clearing House Association, and the quotations herein.

Attention should also be directed to the fact that in the case of several of the exhibits, particularly various papers drawn in connection with negotiations for the settlement of water rights in the Owens Valley, numerous drafts were prepared at different stages in the course of such negotiations. In making copies of such documents use has been made of what is believed to be the latest draft of each.

EXHIBIT NO. 1.

PRESIDENT ROOSEVELT'S LETTER TO THE SECRETARY OF INTERIOR REGARDING THE LOS ANGELES WATER SUPPLY BILL.

"My Dear Mr. Secretary:

As I think it best that there should be a record of our attitude in the Los Angeles Water Supply Bill, I am dictating this letter to you in your presence, and that of Senator Flint on behalf of the California delegation, of Director Walcott of the Geological Survey, and of Chief Forester Pinchot. The question is whether the City of Los Angeles should be prohibited from using the water it will obtain under this bill for irrigation purposes. Your feeling is that it should be so prohibited because the passage of the bill without the prohibition might establish a monopoly in the municipality of Los Angeles to use the surplus of the water thus acquired beyond the amount actually used for drinking purposes, for some irrigation scheme.

"Senator Flint states that under the proposed law Los Angeles will be seeking to provide its water supply for the next half century, which will mean that at first there will be a large surplus, and that in order to keep their rights they will have to from the beginning draw the full amount of water (otherwise the water will be diverted to other uses and could not be obtained by the City) and while if the City did not need the water it would be proper that the other users should have it, yet it is a hundred or a thousand fold more important to the state and more valuable to the people as a whole if used by the City than if used by the people of Owens Valley. Senator Flint further says that the same water that is used for drinking and washing is also used on innumerable little plots of land in and around Los Angeles for gardening and similar purposes, and that to prohibit this would so nearly destroy the value of the bill as to make it an open question whether the City could or would go on with the project; it being open to doubt whether the words 'domestic use' would cover irrigation of this kind.

"Messrs. Walcott and Pinchot state that there is no objection to permitting Los Angeles to use the water for irrigating purposes so far as there is a surplusage after the City's drinking, washing, fire and other needs have been met. They feel that no monopoly in an offensive sense is created by municipal ownership of the water as obtained under this bill, and that as a matter of fact, to attempt to deprive the City of Los Angeles of the right to use the water for irrigation would mean that for many years no use whatever could be made by it of the surplus water beyond that required for drinking and similar purposes.

"I am informed by Senator Flint that the law of California provides that if a municipality sells water to people outside the municipality, it must be at the same rate that it sells to those within the municipality.

"I am also impressed by the fact that the chief opposition to this bill, aside from the opposition of the few settlers in Owens Valley (whose interest is genuine, but whose interest must unfortunately be disregarded in view of the infinitely greater interest to be served by putting the water in Los Angeles), come from certain private power companies whose object evidently is for their own pecuniary interest to prevent the municipality from furnishing its own water. The people at the head of these power companies are doubtless respectable citizens, and if there is no law they have the right to seek their own pecuniary advantage in securing the control of this necessary of life for the City. Nevertheless, their opposition seems to me to afford one of the strongest arguments for passing the law, inasmuch as it ought not to be within the power of private individuals to control such a necessary of life as against the municipality itself.

"Under the circumstances, I decide, in accordance with the recommendations of the Director of the Geological Survey and the Chief of the Forestry Service, that the bill be approved, with the prohibition against the use of the water by municipality for irrigation struck out. I request, however, that there be put in the bill a prohibition against the City of Los Angeles ever selling or letting to any corporation or individual except a municipality, the right for that

corporation or the individual itself to sell or sublet the water given to it or him by the City for irrigation purposes.

Sincerely yours,

THEODORE ROOSEVELT.

P. S.—Having read the above aloud. I now find that everybody agrees to it,—you, Mr. Secretary, as well as Senator Flint, Director Walcott and Mr. Pinchot, and therefore I submit it with a far more satisfied heart than when I started to dictate this letter."

EXHIBIT NO. 2.

AGREEMENT BETWEEN MCNALLY DITCH COMPANY AND CITY OF LOS ANGELES.

THIS INDENTURE, made this 26th day of February, 1924, by and between MCNALLY DITCH COMPANY, a corporation organized and existing under the laws of the state of California, first party, and THE CITY OF LOS ANGELES, a municipal corporation of the state of California, second party.

WITNESSETH:

That said first party, in consideration of the sum of ten thousand dollars ($10,000.00), lawful money of the United States, to it in hand paid by said second party, the receipt whereof is hereby acknowledged, and the covenants of said second party to pay the further sum of one hundred sixty-five thousand three hundred fifty dollars ($165,350.00) and to do and perform other acts hereinafter specified, does hereby grant, bargain, sell, convey, confirm, transfer and set over to said second party, all that certain real and personal property situate in the county of Inyo, state of California, particularly described as follows, to-wit:

That certain ditch or canal known as the McNally Ditch, together with the entire business, franchise, property and assets, including all water and water rights, canals, ditches, rights of way, easements and real and personal property of every nature whatsoever, belonging to said first party, excepting only the moneys now belonging or due to said first party.

Subject, however, to the following conditions, reservations and covenants, to-wit:

First: The said conveyance is made upon the condition that the said second party shall, and the said second party acting by and through its Board of Public Service Commis-

sioners does hereby, assume all of the obligations of said first party with respect to the delivery of water to lands served by said first party, that is to say, this conveyance is made upon the conditions that said second party shall, and it expressly covenants and agrees that it will, whenever requested by the owners of any of said lands, deliver to the same the waters they would from time to time have been entitled to receive from said first party if this conveyance had not been made, subject to such charge for said service as may be just and reasonable, and not exceeding the average of the cost to such owners of such lands of the service of water by said first party during the five years next preceding the first day of January, 1924, or such portion of said time as such lands may respectively have been served by said first party.

Second: The said second party hereby covenants and agrees that it will, on or before the 26th day of May, 1924, pay to said first party the further sum of one hundred sixty-five thousand and three hundred fifty dollars ($165,350.00), making, with the moneys paid at this time the total purchase price of one hundred seventy-five thousand three hundred fifty dollars ($175,350.00).

Third: The said first party hereby reserves to itself a vendor's lien upon all of the property hereby conveyed, as security for the payment of the deferred portion of said purchase price, and of any costs and expenses which may be incurred by said first party in enforcing said lien.

In witness whereof, said first party has, by resolution of its Board of Directors caused these presents to be executed in its behalf by its President and Acting Secretary, and its corporate seal to be hereunto affixed, and the said second party has by resolution of its Board of Public Service Commissioners caused these presents to be executed in its behalf by the President and Secretary of its said Board of

Public Service Commissioners, and the seal of said board to be hereunto affixed, the day and year first above written.

McNALLY DITCH COMPANY,
By WM. SYMONS, *President,*
And T. R. SILVIUS, *Acting Secretary.*

(Seal of McNally Ditch Company)

THE CITY OF LOS ANGELES, by the
BOARD OF PUBLIC SERVICE COMMISSIONERS
OF THE CITY OF LOS ANGELES,
By R. F. del VALLE, *President.*
And JAS. P. VROMAN, *Secretary.*

(Seal of the Board of Public Service Commissioners of the City of Los Angeles)

Approved as to form this 26 day of Feb. 1924.
JESS E. STEPHENS,
City Attorney.
By FLOYD M. HINSHAW.

STATE OF CALIFORNIA,
COUNTY OF INYO. } ss.

On this 26th day of February, in the year one thousand nine hundred and twenty-four, before me, L. C. Hall, a notary public in and for the County of Inyo, State of California, personally appeared Wm. Symons, known to me to be the President, and T. R. Silvius, known to me to be the Acting Secretary of McNally Ditch Company, the corporation described in and that executed the within instrument, and also known to me to be the person who executed it on behalf of the corporation therein named, and they acknowledged to me that such corporation executed the same.

In witness whereof, I have hereunto set my hand and affixed my official seal at my office in the said County of Inyo, the day and year in this certificate first above written.

(Signed) L. C. HALL,
Notary Public in and for the County of Inyo,
(Notarial Seal) *State of California.*

STATE OF CALIFORNIA,
} ss.
COUNTY OF INYO.

On this 26th day of February, in the year one thousand nine hundred and twenty-four, before me, L. C. Hall, a notary public in and for the County of Inyo, State of California, personally appeared R. F. del Valle, known to me to be the President, and Jas. P. Vroman, known to me to be the Secretary of the Board of Public Service Commissioners of The City of Los Angeles, the municipal corporation described in and that executed the within instrument, and also known to me to be the persons who executed it on behalf of said municipal corporation therein named, and they acknowledged to me that such municipal corporation executed the same.

In witness whereof, I have hereunto set my hand and affixed my official seal at my office in the said County of Inyo the day and year in this certificate first above written.

(Signed) L. C. HALL,
Notary Public in and for the County of Inyo,
(Notarial Seal) *State of California.*

We, the undersigned, being the owners and holders of record of more than two-thirds of the issued capital stock of the McNally Ditch Company, a corporation, the first party to the attached indenture, and owning and holding respectively the number of shares of said capital stock set opposite our respective names, do hereby consent to and approve the attached transfer and conveyance of the business, property and franchise of said McNally Ditch Company to The City of Los Angeles.

Signatures of Stockholders	Number of Shares Owned
W. A. Lamar	4920
C. W. Geiger	75
Wm. Symons	75
T. R. Silvius	90
E. F. Leahey	140
Total—	5300

STATE OF CALIFORNIA,
COUNTY OF INYO. } ss.

On this 26th day of February, in the year one thousand nine hundred and twenty-four, before me, L. C. Hall, a notary public in and for the County of Inyo, State of California, personally appeared W. A. Lamar. C. W. Geiger, Wm. Symons, T. R. Silvius and E. F. Leahey, known to me to be the persons whose names are subscribed to the within and foregoing consent, and acknowledged that they respectively executed the same.

In witness whereof, I have hereunto set my hand and affixed my official seal at my office in the said County of Inyo, the day and year in this certificate first above written.

(Signed) L. C. HALL,
Notary Public in and for the County of Inyo,
State of California.

(Notarial Seal)

RESOLVED, that deed executed by McNally Ditch Company of date February 26, 1924, conveying to The City of Los Angeles, for a consideration of $175,350.00, certain real property situate in the County of Inyo, State of California, more particularly described in said deed, be, and the same is hereby accepted.

I HEREBY CERTIFY, that the foregoing is a full, true and correct copy of a resolution adopted by the Board of Public Service Commissioners of The City of Los Angeles at its meeting of February 26, 1924.

(Signed) JAS. P. VROMAN,
Secretary, Board of Public Service Commissioners,
City of Los Angeles.

(Seal)

EXHIBIT NO. 3.

Copy of Proposed Agreement of 1921 Between City of Los Angeles and Owens Valley Ditch Interests.

THIS MEMORANDUM OF AGREEMENT, made and entered into this....day of............19.., by and between the CITY OF LOS ANGELES, a municipal corporation of the State of California, hereinafter referred to as first party, and the undersigned. hereinafter referred to collectively as second parties, to-wit:

WITNESSETH: That,

Whereas, first party desires to acquire, exercise and enjoy the right to impound and store the waters of Owens River and Rock Creek, natural streams located partly in Mono County and partly in Inyo County, California, in a reservoir proposed to be constructed by first party in Long Valley, at or near the head of the Owens River Gorge, in said County of Mono, and to utilize all the waters of said streams, including the natural flow thereof and such stored waters, for the purpose of generating electric power, in such manner as will permit the diversion of said natural flow and stored waters by second parties from said Owens River for domestic and irrigation purposes on lands lying below the intake of the Owens River Canal; and,

Whereas, second parties are the owners of rights in and to the waters of said Owens River, entitling said second parties respectively to divert and take from said stream water for domestic and irrigation purposes on lands in Owens Valley lying below the intake of said Owens River Canal; and,

Whereas, it would be to the mutual advantage of said first party and said second parties that storage facilities at the aforesaid point should be established as proposed by first party;

Therefore, the parties hereto do agree as follows, to-wit:

1. Second parties, in consideration of the covenants and agreements hereinafter specified, to be performed by first party, do, by these presents, grant to first party the right to construct, maintain and operate said proposed reservoir, together with appurtenant and incidental works, on said Owens River and impound and store in said reservoir, and divert and utilize for the purpose of generating electric power, the waters of said Owens River and Rock Creek, subject, however, to the limitations and conditions hereinafter specified.

2. That first party, in consideration of such grant by second parties, and subject to the conditions hereinafter stated, will, within twelve months from and after the execution of this agreement, commence work on the construc-

tion of said reservoir, and will, within three years from and after the execution of this agreement, complete construction of said reservoir to a minimum capacity sufficient to store water therein up to a water level one hundred feet above the mean water level in Owens River at the site of the dam of such reservoir, to-wit: at a point approximately three-fourths of a mile down stream from the junction of said Owens River and Crooked Creek; provided, however, said first party will construct the foundations of said dam of such dimensions as will be suitable and sufficient for storing water thereby up to a water level of at least one hundred fifty feet above said mean water level.

3. That the first party will, subject to the conditions hereinafter stated, discharge from said reservoir such quantity of water as will be necessary, when added to the waters from other sources flowing in said river immediately below the present junction of Owens River and Rock Creek, to make a regulated flow at said point averaging not less than 374 second feet for the six months' period from April 1st of each year, and based upon the following minimum monthly mean flows at said point during said period, to-wit:

For the month of April	299	second feet,
For the month of May	308	" "
For the month of June	463	" "
For the month of July	463	" "
For the month of August	412	" "
For the month of September	299	" "

That the first party will also, subject to the conditions hereinafter specified, limit the discharge from said reservoir during each year of twelve months from and after April first to an average flow of three hundred feet, plus such amounts as may be delivered in excess of a discharge of three hundred second feet during the months of May, June, July and August, as provided in paragraph 2 hereof.

First party agrees, however, that all water which may be flowing in said Owens River at the intake or intakes of any and all irrigation canals shall be subject to diversion for use on the lands described in paragraph 10 hereof so

far as necessary during the months of April, May, June, July, August and September of each year.

4. That said first party will, within three years after said reservoir shall have been tested by storage of water therein for a period of one year, to a level ranging from eighty feet to one hundred feet above the mean water level referred to in paragraph 2 hereof, provide at least 15,000 acre feet of storage in addition to said one hundred feet of storage provided for in said paragraph 2, at a point or points in the Long Valley or Rock Creek watershed, or partly in each such shed, and so located as to permit of the flow of water from such additional storage to and into said Long Valley reservoir; and that all water from such additional storage shall be released and passed through said Long Valley reservoir under and subject to the schedules set forth in paragraph 3 hereof.

That, in the event of the failure of first party, under the conditions above prescribed, to provide such additional storage, then, to the extent that provision thereof shall not be so made, second parties may provide additional storage in said Long Valley or Rock Creek watershed, or partly in each such shed, and at a point or points above said Long Valley reservoir and so located as to permit of the flow of water from such additional storage to and into said reservoir, and any additional reservoir or reservoirs thus provided by second parties shall be operated and maintained by first party, and all water therefrom shall be released and passed through said Long Valley reservoir under and subject to the schedules set forth in paragraph 3 hereof.

5. That, in case the water supply from said Owens River and Rock Creek entering said reservoir after construction thereof to the minimum capacity aforesaid, or after any increase of such capacity by raising the dam of such reservoir, shall be in excess of the amounts sufficient to maintain a full reservoir, less the variations in the amounts of stored water due to seasonal regulation throughout the year, then, and to the extent of such excess, the rates of flow and limit of discharge provided for in paragraph 3 shall be increased proportionately.

6. That the condition of storage in said reservoir on April first of each year shall be the test of the adequacy of such storage under the draft provided for in paragraph 3, and in case such storage at such date shall be less than 30,000 acre feet where the total capacity of said reservoir does not exceed 90,000 acre feet, or shall be less than one-third of the total capacity of said reservoir where such total capacity exceeds 90,000 acre feet, then an emergency condition shall be deemed to exist affecting such storage, and provisions for a temporary proportionate reduction of the rates of flow and limit of discharge provided in paragraph 3 shall be made as follows:

That, within twenty days after the first day of April of any year when such emergency condition of storage occurs, a board shall be formed composed of three members, one appointed by first party, one by second parties, and a third by these two, or if such two members cannot agree within said period of twenty days, by the State Railroad Commission on application of first party or second parties, and such board shall prescribe a schedule proportionately reducing the rates of flow and limit of discharge provided for in paragraph 3, and said reduced schedule shall thenceforth be observed until the first day of April next thereafter when the water storage in said reservoir shall be restored to at least 30,000 acre feet where the total capacity of such reservoir does not exceed 90,000 acre feet, or shall be restored to at least one-third of the total capacity of said reservoir where such total capacity exceeds 90,000 acre feet, and thereupon any such reduced schedule shall cease to be effective and the rates of flow and limit of discharge set forth in paragraph 3 shall again control; provided, that until such restoration said board shall, on or about the first day of April of each year after prescribing said reduced schedule, meet and review, revise or change such reduced schedule as in the judgment of such board shall appear wise and necessary.

That first party will install and maintain suitable snow observation and survey stations in the Long Valley and Rock Creek watersheds for the purpose of forecasting the runoff from said sheds into said Long Valley reservoir, and

will make and keep accurate and complete records of observations and gaugings at said stations for the use of said board in the performance of its duties hereunder, and will permit said second parties, or their designated agents or representatives, to have access to said stations and take copies of such records.

That all actions of said board in pursuance of this paragraph shall be taken by the votes of at least two of its members. Any vacancy on said board shall be filled by the parties or persons appointing the former incumbent. Any such board shall be dissolved upon cessation of the emergency for which such board was formed.

7. That the compensation and necessary expenses of a member of an emergency board appointed by first party or second parties, while engaged on the work of such board, shall be paid by the party or parties appointing such member, and the compensation and necessary expenses of the third member thereof while so engaged shall be borne equally by first party and second parties.

8. That first party shall construct and maintain in Birchim Canyon a regulating reservoir of such size and capacity as shall enable it to regulate the flow of water discharged from said Long Valley reservoir, after utilization thereof by first party for the generation of power, at a steady flow throughout the twenty-four hours of each day.

9. That first party and second parties will maintain such rights as they now possess, respectively, to have the waters of Pine Creek and the waters of all tributaries of said Owens River discharging into said river below the mouth of Rock Creek, and above the southerly line of Section 2, Township 9 South, Range 33 East, M. D. M., continue to flow undiminished in said tributaries and into said river.

10. That second parties will not use or divert for use, and, so far as it shall be within their power, will prevent others from using or diverting for use, any of the waters of said Owens River or its tributaries on any lands outside of the following described area, to-wit:

East one-half of southeast one-quarter of section 13; north one-half of southwest one-quarter, southeast one-quarter of southwest one-quarter, and south one-half of southeast one-quarter of section 19; south one-half of southwest one-quarter, and southeast one-quarter of section 20; south one-half of section 21; south one-half of northeast one-quarter, and south half of section 22; south one-half of section 23; south one-half of northwest one-quarter, southwest one-quarter, southwest one-quarter of southeast one-quarter, east one-half of east one-half of section 24; all of sections 25 and 26; north one-half of north one-half, southeast one-quarter of northeast one-quarter, and northeast one-quarter of southeast one-quarter of section 27; north one-half of north one-half of section 28; north one-half of northwest one-quarter, southeast one-quarter of northwest one-quarter, and west one-half of northeast one-quarter of section 29; north one-half of northeast one-quarter of section 30; southeast one-quarter of southeast one-quarter of section 32; northeast one-quarter of northeast one-quarter, southwest one-quarter of northeast one-quarter, and northeast one-quarter of southwest one-quarter of section 34; north one-half of north one-half of section 35; all in township 6 south, range 32 east, M. D. M.; south one-half of southeast one-quarter of section 4; southeast one-quarter of southeast one-quarter of section 8; east one-half, east one-half of west one-half, and west one-half of southwest one-quarter of section 9; west one-half, west one-half of southeast one-quarter of section 10; west one-half, west one-half of east one-half, and southeast one-quarter of southeast one-quarter of section 15; all of sections 16 and 17; south one-half of section 18; all of sections 19, 20, 21 and 22; southwest one-quarter, west one-half of southeast one-quarter and southeast one-quarter of southeast one-quarter of section 26; all of sections 27, 28, 29 and 30; northwest one-quarter, and east one-half of section 31; all of sections 32, 33, 34 and 35; west one-half of southwest one-quarter of north-

west one-quarter, west one-half of northwest one-quarter of southwest one-quarter of section 36; all in township 6 south, range 33 east, M. D. M.; all of sections 2, 3, 4, 5, 8, 9, 10 and 11; west one-half of southwest one-quarter of section 12; west one-half of northwest one-quarter, southwest quarter, and southwest one-quarter of southeast one-quarter of section 13; east one-half, southwest one-quarter, north one-half of northwest one-quarter, and that portion of southeast quarter of northwest one-quarter east of Owens River of section 14; all of sections 15, 16 and 17; east one-half of east one-half, southwest one-quarter of southeast one-quarter, south one-half of southwest one-quarter, northwest one-quarter of southwest one-quarter, and southwest one-quarter of northwest one-quarter of section 18; all of sections 19, 20, 21, 22 and 23; west one-half, west one-half of east one-half, southeast one-quarter of northeast one-quarter, and east one-half of southeast one-quarter of section 24; north one-half, north one-half of south one-half, and southeast one-quarter of southwest quarter of section 25; north one-half of north one-half, southwest one-quarter of northeast one-quarter, south one-half of northwest one-quarter, northwest one-quarter of southeast one-quarter, north one-half of southwest one-quarter, and southwest one-quarter of southwest one-quarter of section 26; all of sections 27, 28 and 29; north one-half of north one-half, southeast one-quarter of northwest one-quarter, south one-half of northeast one-quarter, northeast one-quarter of southwest one-quarter, and southeast one-quarter of section 30; east one-half of northeast one-quarter, and northeast; one-quarter of southeast one-quarter of section 31; north one-half, north one-half of southwest one-quarter, southeast one-quarter of southwest one-quarter, and southeast one-quarter of section 32; all of section 33; west one-half, northeast one-quarter, north one-half of southeast one-quarter, and southwest one-quarter of southeast one-quarter of section 34; west one-half, west one-half of north-

east one-quarter, and northwest one-quarter of southeast one-quarter of section 35; east one-half of section 36; all in township 7 south, range 33 east, M. D. M.; west one-half of southwest one-quarter of section 19; west one-half of northwest one-quarter, and southwest one-quarter of section 30; west one-half, south one-half of northeast one-quarter, and northwest one-quarter of southeast one-quarter of section 31; all in township 7 south, range 34 east, M. D. M.; east one-half, northwest one-quarter, north one-half of southwest one-quarter, and southeast one-quarter of southwest one-quarter of section 5; west one-half, south one-half of northeast one-quarter, and southeast one-quarter of section 13; northeast one-quarter, and northeast one-quarter of southeast one-quarter of section 14; east one-half, north one-half of northwest one-quarter, and southeast one-quarter of northwest one-quarter of section 24; all in township 7 south, range 32 east, M. D. M.; northwest one-quarter, north one-half of northeast one-quarter, southwest one-quarter of northeast one-quarter, and northeast one-quarter of southwest one-quarter of section 1; west one-half of section 2; all of sections 3 and 4; east one-half and east one-half of west one-half of section 5; east one-half of northwest one-quarter, and east one-half of section 8; all of section 9; west one-half and north one-half of northeast one-quarter of section 10; northwest one-quarter, and north one-half of southwest one-quarter of section 15; all of section 16; north one-half of northeast one-quarter, and southeast one-quarter of northeast one-quarter of section 17; all of section 21; west one-half and southeast one-quarter of section 22; southwest one-quarter of southwest one-quarter of section 23; northwest one-quarter of northwest one-quarter; and south one-half of south one-half of section 26; all of section 27; east one-half and east one-half of west one-half of section 28; east one-half of east one-half, and northwest one-quarter of northeast one-quarter of section 33; all of

section 34; west one-half and west one-half of east one-half of section 35; all in township 8 south, range 33 east, M. D. M.; west one-half of southwest one-quarter of section 5; northwest one-quarter, west one-half of northeast one-quarter, southeast one-quarter of northeast one-quarter, and northeast one-quarter of southeast one-quarter of section 6; east one-half of east one-half of section 31; all in township 8 south, range 34 east, M. D. M.; west one-half of northwest one-quarter, and north one-half of southwest one-quarter of section 4; northeast one-quarter of northeast one-quarter of section 5; north one-half of north one-half; southeast one-quarter of northwest one-quarter, south one-half of northeast one-quarter, north one-half of southeast one-quarter, and southeast one-quarter of southeast one-quarter of section 7; all of section 8; south one-half of southwest one-quarter, and southwest one-quarter of southeast one-quarter of section 15; west one-half, and west one-half of west one-half of east one-half of section 16; east one-half and northwest one-quarter of section 17; east one-half of section 20; west one-half, west one-half of northeast one-quarter, and southeast one-quarter of section 21; east one-half and northwest one-quarter of section 22; southwest one-quarter of southwest one-quarter of section 23; west one-half of northwest one-quarter and southwest one-quarter of section 25; all of section 26; northeast one-quarter of section 27; all of section 28; northeast one-quarter and east one-half of southeast one-quarter of section 29; north one-half, southeast one-quarter, and northeast one-quarter of southwest one-quarter of section 33; all of section 35; west one-half of section 36; all in township 9 south, range 34 east, M. D. M., northwest one-quarter, and north one-half of southwest one-quarter of section 2; township 9 south, range 33 east, M. D. M.

Excepting waters which may be used on land in Long Valley pursuant to rights in existence prior to 1897.

11. That first party will make, or cause to be made, complete and accurate measurements and gaugings of stream flows and water storage in said reservoir, including gaugings of the flow of water in said Owens River at a point above the intake of said Owens River Canal, and below the point of return of the waters diverted by first party, as described in paragraph 3 hereof. and make and keep records of such measurements and gaugings and other data, so far as may be necessary for the information of the parties hereto as to the operation of said Long Valley Reservoir and to enable the parties hereto to carry out the obligations of this agreement, and first party will permit second parties, or their designated agents or representatives, during business hours, to have access to and take copies of such records.

12. That at any time the board of directors of any irrigation district hereafter formed, which shall include the lands described in paragraph 10 hereof, or, prior to the formation of any such district, the board of directors of the Owens Valley Associated Ditches, a corporation, shall decide that water to be let down by first party, in order to maintain the above prescribed flow in said Owens River at the point mentioned in paragraph 3 hereof, for the benefit of said second parties for irrigation, domestic and other purposes, is not needed, in whole or in part, for such purposes, then, to the extent that the same is not so needed, it may be stored by said first party in said reservoir in Long Valley. In the event that said Owens Valley Associated Ditches shall cease to exist, prior to the formation of said irrigation district, then, until the formation thereof, such decision shall rest with a majority of the presidents or chief executive officers of the companies or associations operating and controlling the following ditches or canals in Owens Valley, California, to-wit:

Owens River Canal,
Russell Ditch,
Bishop Creek Ditch,
Love Ditch,
McNally Ditch,
Farmers Ditch,

Geo. Collins Ditch,
A. O. Collins Ditch (Hughes & Edson),
Rawson Ditch,
Owens River and Big Pine Ditch,
Sanger Ditch,
Frank Shaw Land and Cattle Company Ditch.

13. That this agreement and all and singular the covenants and conditions thereof, shall inure to the benefit of and be binding upon the parties hereto and their respective successors, heirs, executors. administrators and assigns.

In witness whereof, first party, in pursuance of a resolution duly adopted, has hereunto subscribed its name and affixed its official seal by its president and secretary, and second parties have hereunto subscribed their names, the day and year first above written.

THE CITY OF LOS ANGELES,
By Board of Public Service Commissioners of
the City of Los Angeles,
By.....*President,*
And.....*Secretary.*

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EXHIBIT NO. 4.

COPY OF PROPOSED AGREEMENT OF JULY, 1923, BETWEEN OWENS VALLEY IRRIGATION DISTRICT AND THE CITY OF LOS ANGELES.

THIS AGREEMENT, made the day of July, 1923, by and between the OWENS VALLEY IRRIGATION DISTRICT, a public corporation, with its principal place of business at Bishop, Inyo county, state of California, hereinafter referred to as the District, the party of the first part, and the CITY OF LOS ANGELES, a municipal corporation, of the state of California, acting by and through its Board of Public Service Commissioners, hereinafter referred to as the City, party of the second part,

WITNESSETH:

WHEREAS, the District is now organized and existing and has land within its boundaries located on both sides of the Owens River in Inyo county, California; and,

WHEREAS, it is the intention of the District to call a bond election for the purpose of raising money to purchase all of the existing water rights now used to irrigate the lands within the present boundaries of the District; and,

WHEREAS, the City now has certain existing water rights upon the Owens River by which water is diverted or is to be diverted for municipal purposes; and,

WHEREAS, differences have arisen between the parties hereto as to the diversions and use of said water, and this agreement is made for the purpose of settling the said rights and compromising said disputes concerning the waters of the Owens River and its tributaries; and,

WHEREAS, the City now owns certain of the lands lying east and north of a line described in paragraph 1 hereof, which said lands are within the boundaries of the District; and,

WHEREAS, the City has also purchased certain lands and water rights and is to purchase other lands and water rights which have heretofore supplied the water for the purpose of irrigating said lands are situate east and north of a line

described in paragraph 1 hereof, and which said lands lie within the boundaries of the District; and,

WHEREAS, one of the conditions of this agreement is that the City shall take, or cause to be taken, all proper and necessary steps to authorize the exclusion from said District of all of the lands within the boundaries of the district lying east and north of a line described in paragraph 1 hereof; and,

WHEREAS, this agreement contemplates that a petition will be presented to the board of directors of the District asking for exclusion of all of the lands lying north and east of a line described in paragraph 1 hereof, which lands are within the boundaries of the District, and the board of directors, if it deems it for the best interest of the District, shall exclude such lands from the District; and,

WHEREAS, the City contemplates the construction of certain storage reservoirs and the storage of water therein at points on the Owens River and its tributaries upstream from the intake of the Owens River Canal; and,

WHEREAS, in the event of such storage, the District will accept a specified schedule of water for the irrigation requirements of the District in lieu of a proportionate part of the natural flow of said Owens River and its tributaries. The respective parties hereinafter agree upon a fixed schedule of water that the District shall receive from the Owens River and its tributaries after storage is constructed; in years when there is not sufficient water to meet the demands of the parties hereof, because of deficiencies in runoff and storage reserve, the discharge from the reservoir will be cut proportionately and the amount of such deficiencies in schedules will be supplied by pumps to be installed and operated in the manner hereinafter prescribed.

NOW, THEREFORE, in consideration of the premises, of the covenants hereinafter contained, and of the mutual benefits to be derived from this agreement, the respective parties hereof each with the other hereby mutually promise and agree to compromise their disputes in the manner following, to-wit:

1. The District agrees to acquire or become legally authorized to act for the rights to the waters of Owens River and its tributaries now being diverted from the Owens River to and which are now used upon the lands in the District which lie west and south of a line described as follows, to-wit:

Commencing at the southwest corner of the northeast quarter southwest quarter of section 1, township 8 south, range 33 east, M. D. M., thence north 1/4 mile, west 1/4 mile, north 1/2 mile to the southeast corner of section 36, township 75, range 33, east, M. D. M., east 1/2 mile, north 1 mile, west 1/4 mile, north 1/4 mile, west 1/4 mile, north 1/2 mile, west 1/4 mile, south 1/2 mile, west 1/2 mile, north 1/4 mile, west 1/4 mile, north 3/4 mile, west 1/4 mile, north 1/4 mile, east 1/4 mile, north 1/4 mile, west 1/8 mile, north 1/2 mile, east 1/8 mile, north 1/2 mile, east 1/4 mile, north 1/2 mile, west 1/4 mile, north 1/4 mile, west 1/4 mile, north 1/4 mile, west 1/4 mile, north 1-3/4 miles, west 1/4 mile, north 1/4 mile, west 1/2 mile, north 1/2 mile, west 1/4 mile, north 1/4 mile, west 1/4 mile, north 3/4 mile, west 1 mile, north 1/4 mile, west 1/2 mile, north 1/4 mile, west 2 miles, south 1/4 mile, west 3/4 mile, south 1/4 mile, west 1 mile, south 1/4 mile, west 1 mile, south 1/4 mile, west 1/4 mile, south 1/4 mile, west 1/2 mile, north 1/4 mile, west 3/4 mile, north 1/4 mile, west 1/4 mile, north 1/4 mile, west 1/4 mile, north 1/4 mile to the southwest corner, northwest quarter of section 19, township 65, range 32 east, M. D. M.

2. The City agrees to take, or cause to be taken, all proper and necessary steps to authorize the exclusion from said District of all lands within the boundaries of the District east and north of the line described in paragraph 1 hereof.

3. It is mutually agreed that the rights and priorities of the City by virtue of ownership of all rights in and appropriations pertaining to the McNally Ditch Company, the A. O. Collins Ditch, the Dell Ditch, the North Branch McNally Ditch Company and the La Sierra Vista Water and Power Company owning what is commonly known as the George Collins Ditch, and the ownership of all lands

in the District situated east and north of the line described in paragraph 1 hereof which are entitled to be served with water by the McNally Ditch, A. O. Collins Ditch, the Dell Ditch, the North Branch McNally Ditch Company and the George Collins Ditch, or any of said ditches, shall be 33 per cent of the natural flow of the waters of the Owens River and its tributaries measured in the natural channel of said Owens River at the regular measuring station situated approximately one-eighth mile above the intake of the Owens River canal.

4. It is mutually agreed that the rights and priorities of the District for all other diversions from the Owens River to lands within the boundaries of the District, except those ditches and lands particularly mentioned in paragraph 2 hereof, shall be 67% of the natural flow of the Owens River and its tributaries measured in the natural channel of the Owens River at the regular measuring station situate approximately one-eighth mile above the intake of the Owens River Canal, together with all waters flowing into the natural channel of said Owens River between said point and the Zurich Bridge.

5. It is mutually agreed that from and after the time that the area now within the boundaries of the District, and particularly described in paragraph 2 hereof, has been eliminated from the District, the natural flow of the Owens River shall be measured at the regular measuring station situate approximately one-eighth mile above the Owens River Canal; that 33% (per cent) of the natural flow of the Owens River at that point, plus the amount of water delivered directly into the Owens River from Fish Slough, less the amount of water diverted between the measuring point above the Owens River Canal, and the said Zurich Bridge on to any of the lands mentioned in paragraph 2 hereof shall be delivered by the District to the natural channel of Owens River at Zurich Bridge for the use and benefit of the City.

6. The District agrees to acquire the right to pump the underground waters within the boundary of said District as they shall exist after elimination of area as described in paragraph 5, and it is mutually agreed, after the acquisi-

tion by the District of such right to pump underground waters, the City will sink and fully equip, including necessary electrical connections, and deliver to the District ready for operation wells at points to be selected by the chief engineer of the District, and the chief engineer of the Bureau of Water Work and Supply of the City, within the boundaries of the District. The City hereby agrees to expend two hundred thousand dollars, or as much of said sum as may be necessary, to sink and fully equip wells, including necessary electrical connections, sufficient to produce a flow of one hundred second feet of water; provided, however, that if, after the City has expended one hundred thousand dollars for said purposes in sinking and equipping said wells, and an aggregate flow of one hundred second feet has not been obtained, and the chief engineer of the Bureau of Water Works and Supply of the said City is of the opinion that no additional wells could be sunk within the boundaries of the District which would increase the volume of output from such underground waters, that the matter shall be referred to the State Engineer of the State of California, and his decision shall be conclusive as to whether and to what extent developments shall be carried on by the City within the limits of such total expenditure of two hundred thousand dollars, and of a total output from such wells of one hundred second feet.

That in the location of said wells the following points shall be particularly considered, to-wit:

(1) Said wells to be located with a view of best serving the purposes of irrigation within the District.

(2) So as to reclaim and protect by drainage land within the District from excessive water.

(3) So as to afford greatest practicable convenience for delivery by gravity (a) of waters for irrigation, (b) of the City's share of pumped water into the river channel.

7. That after the exclusion of lands mentioned in paragraph 2 from the District, and prior to the time of completion of storage, as provided in paragraph 9 hereof, the

City shall receive 33% of the water pumped or produced by the wells mentioned in paragraph 6 hereof, said water to be delivered to the City in the natural channel of Owens River at Zurich Bridge; limited, however, by the difference between 33% of the natural flow of the Owens River, measured immediately above the Owens River Canal and a schedule as follows:

For the month of April,	80	second feet,
For the month of May,	110	second feet,
For the month of June,	140	second feet,
For the month of July,	135	second feet,
For the month of August,	110	second feet,
For the month of September,	80	second feet,

so far as the same can be supplied by the said wells. After the storage mentioned in paragraph 9 hereof is completed, the District shall supply to the City from said pumps 33% of any water pumped to apply on any deficiency in schedule as provided in paragraph 11 hereof, so far as the same can be furnished by said pumps.

8. The City hereby agrees to pay the cost of pumping its proportion of the water agreed to be delivered to the City, by the District, in paragraph 7 hereof, and the City also agrees to pay the cost of pumping all additional water delivered at Zurich Bridge of which it makes beneficial use. It is agreed that the District may, at its option, have all the output of said pumps during the irrigation season if required to meet the District's demands, and that the City shall take its proportion of said pumped water at any time during the year when the District does not need the pumped water to meet its irrigation demands. The District shall have complete control of said pumps and may operate the same at any time it may elect.

9. It is mutually agreed that the City shall have the privilege at its election to store and impound the flow of Owens River and its tributaries at a point or points upstream from the intake of the Owens River Canal subject to discharge from such storage of water for the benefit of the District supplying lands in paragraph 1 hereof in conformity with the following schedule, as measured at a point immediately above the Owens River Canal,

For the month of April,	200	second feet,
For the month of May,	274	second feet,
For the month of June,	350	second feet,
For the month of July,	339	second feet,
For the month of August,	274	second feet,
For the month of September,	200	second feet,

After such storage is completed, the District hereby agrees to deliver all other water above said schedule as measured at Pleasant Valley to the City in the manner prescribed in paragraph 4 hereof. The City agrees that the draft on the Long Valley reservoir for power purposes during the months of October, November, December, January, February and March shall not be in excess of an average of three hundred second feet of water derived from the watershed of said river and shall not be less than a flow of .....second feet. It is mutually agreed that the operation of the above schedule is to become effective when the minimum capacity of sixty-eight thousand acre feet of storage is provided by the City.

10. That a condition of storage in said reservoir on April first of each year shall be the test of the adequacy of such storage on the draft provided for in paragraph 9 hereof, and in case such storage at such time shall be less than 23,000 acre feet where the total capacity of said reservoir does not exceed 68,000 acre feet, or shall be less than one-third of the total capacity of said reservoir where such total capacity exceeds 68,000 acre feet, and the results of the snow survey to be made by the City of the drainage area tributary to Rock Creek and Owens River indicate that less than an average run off will occur. then an emergency condition shall be deemed to exist affecting such storage, and provision for a temporary proportionate reduction of the rates of flow and limit of discharge provided in paragraph 3 shall be made as follows:

11. That, within twenty days after the first day of April of any year when such emergency condition of storage occurs, a board shall be formed composed of three members, one appointed by first party, one by second parties, and a third by those two, or if such two members cannot agree

within said period of twenty days, by the State Railroad Commission on application of first party or second parties, and such board shall prescribe a schedule proportionately reducing the rates of flow and limit of discharge provided for in paragraph 9, and said reduced schedule shall thenceforth be observed until the first day of April next thereafter when the water storage in said reservoir shall be restored to at least 23,000 acre feet where the total capacity of such reservoir does not exceed 68,000 acre feet, or shall be restored to at least one-third of the total capacity of said reservoir where such total capacity exceeds 68,000 acre feet, and thereupon any such reduced schedule shall cease to be effective and the rates of flow and limit of discharge set forth in paragraph 9 shall again control; provided, that until such restoration said board shall, on or about the first day of April of each year after prescribing said reduced schedule, meet and review, revise or change such reduced schedule as in the judgment of such board shall appear wise and necessary. That all actions of said board in pursuance of this paragraph shall be taken by the votes of at least two of its members. Any vacancy on said board shall be filled by the parties or persons appointing the former incumbent. Any such board shall be dissolved upon cessation of the emergency for which said board was formed.

12. That the compensation and necessary expenses of a member of an emergency board appointed by first party or second parties, while engaged on the work of such board, shall be paid by the party or parties appointing such member, and the compensation and necessary expenses of the third member thereof while so engaged shall be borne equally by first party and second parties.

13. That the City shall construct and maintain above the intake of the Owens River Canal a regulating reservoir of such size and capacity as shall enable the City to regulate the flow of water discharged from higher reservoirs after utilization of said water by the City for the generation of power at a steady flow throughout twenty-four hours of each day.

14. After the exclusion of lands mentioned in paragraph 2 hereof is completed, the District agrees to withdraw all opposition to the storage of waters of Owens River and its tributaries by the City at a point or points above the intake of the Owens River Canal, and the drawing off and utilization of said stored water for the generation of electric energy or for any other purpose, by said City, subject, however, to the schedule agreed to be delivered to the District and the provisions of paragraph 9 hereof.

15. It is further agreed that as soon as the City has fulfilled its agreement contained in paragraph 2 hereof, that the City shall file a petition with the board of directors of the District praying for the exclusion of all of the lands described in paragraph 2 hereof, and in the event the board of directors of said District shall not exclude said lands, then this agreement is to be null and void from and after the order refusing such exclusion. The exclusion of said lands shall be in accordance with the laws of the state of California applying to irrigation districts.

16. It is further mutually agreed that the City, upon its part, shall perform all the conditions of this agreement within the period of three years, and the said District herein agrees to complete all of its agreements herein specified within the said term of three years, subject, however, to the provisions of paragraph 20 hereof.

17. It is further mutually agreed that the City will make or cause to be made complete and accurate measurements and gauges of stream flows together with any waters stored in any reservoir including gauging and flowing water in said Owens River, at a point above the intake of said Owens River Canal, and make and keep records of such measurements and gauges and other data so far as may be necessary as to the operation of said stream, and its tributaries, and any reservoir which may hereafter be constructed to enable the parties hereto to carry out the obligations of this agreement, and the City will permit said District or its designated agents or representatives during business hours to have access to and take copies of such records, and the said City shall have access to and may take

copies of any gauges or measurements and data made by the said District of the flow of the Owens River.

18. It is mutually agreed, at the time of exclusion of lands described in paragraph 2 hereof, the City shall endorse and deliver, or cause to be endorsed and delivered, the capital stock of the Rawson Ditch Company, amounting to 747½ shares, without consideration, and the District will, at the time of such exclusion, grant the City a right of way through the said Rawson Ditch sufficient to convey inches of water to the Owens River to and into quarter of the quarter of section 15, township 7 south, range 33 east, M. D. M.

19. It is further mutually agreed that after the elimination of the property described in paragraph 2 hereof from the District, and after the completion of the wells described in paragraph hereof, a suit shall be instituted in the proper superior court of the state of California, by the District against the City to determine and adjudicate the rights of the respective parties hereof in and to the natural flow of said Owens River, and its tributaries, and it is hereby mutually stipulated and agreed that the parties hereto shall enter into a stipulation, to be filed in said suit, authorizing the said superior court to make and enter a decree in said action adjudicating and determining the said water rights of the respective parties hereof in and to the natural flow of the Owens River and its tributaries, and prescribing the terms under which the City may store the said water, said stipulation to be in accordance with the terms of this agreement, and that the said decision, and decree of said superior court shall be final and conclusive, and will be observed by both the respective parties hereof and shall not be appealed from by either party. That within ninety days from the date of exclusion of this agreement by the parties hereto, the complaint, answer, stipulations and decree, together with resolutions and other documents necessary, in said suit shall be prepared and placed in escrow with Bank, to be, by said bank, delivered to the clerk of the Superior Court named in said documents when notified by the parties hereto that the lands described in paragraph 2

hereof have been eliminated from the District and that the wells have been completed as specified in paragraph 6 hereof.

20. It is further understood and agreed that the District contemplates an election for a bond issue to raise money to purchase the rights described in paragraph 1 hereof. In the event that the said bond issue shall not carry, then this agreement shall be null and void, unless the District is otherwise authorized by the owners of the present respective diversions of said Owens River and its tributaries to adjust and compromise disputes and differences between the parties hereto according to the terms of this agreement.

21. This agreement and all and singular the covenants and conditions therein contained shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.

IN WITNESS WHEREOF, the party of the first part in pursuance of a resolution duly adopted has hereunto subscribed its name hereto and affixed its official seal by its president and secretary, and the party of the second part has hereunto subscribed its name in pursuance of a resolution duly adopted, and affixed its official seal by and through its president and secretary, the day and year first above written.

OWENS VALLEY IRRIGATION DISTRICT,

By.....*President.*

And.....*Secretary.*

CITY OF LOS ANGELES,

Acting by and through its BOARD OF PUBLIC SERVICE COMMISSIONERS,

By.....*President.*

And.....*Secretary.*

EXHIBIT NO. 5.

RESOLUTION OF BOARD OF PUBLIC SERVICE COMMISSIONERS APPROVING THE AGREEMENT OF JULY, 1923.

RESOLVED, that for the purpose of settling points of difference between the City of Los Angeles and Owens Valley Irrigation District (prospective successor in interest to rights in Owens River and tributary streams other than rights owned by said city) a compromise agreement be entered into between the City and said District covering the following points, to-wit:

1. The City to take or cause to be taken all proper and necessary steps to authorize the exclusion from said District of all the lands within the boundaries of the Owens Valley Irrigation District and lying easterly and northerly of a line described as follows:

> Commencing at the southwest corner of the northeast quarter southwest quarter of section 1, township 8 south, range 33 east, M. D. M., thence north ¼ mile, west ¼ mile, north ½ mile to the southeast corner of section 36, township 75, range 33 east, M. D. M., east ½ mile, north 1 mile, west ¼ mile, north ¼ mile, west ¼ mile, north ½ mile, west ¼ mile, south ½ mile, west ½ mile, north ¼ mile, west ¼ mile, north ¾ mile, west ¼ mile, north ¼ mile, east ¼ mile, north ¼ mile, west ⅛ mile, north ½ mile, east ⅛ mile, north ½ mile, east ¼ mile, north ½ mile, west ¼ mile, north ¼ mile, west ¼ mile, north ¼ mile, west ¼ mile, north 1¾ miles, west ¼ mile, north ¼ mile, west ½ mile, north ½ mile, west ¼ mile, north ¼ mile, west ¼ mile, north ¾ mile, west 1 mile, north ¼ mile, west ½ mile, north ¼ mile, west 2 miles, south ¼ mile, west ¾ mile, south ¼ mile, west 1 mile, south ¼ mile, west 1 mile, south ¼ mile, west ¼ mile, south ¼ mile, west ½ mile, north ¼ mile, west ¾ mile, north ¼ mile, west ¼ mile, north ¼ mile, west ¼ mile, north ¼ mile to the southwest corner northwest quarter of section 19, township 65, range 32 east, M. D. M.

2. Said district to acquire all water rights pertaining to lands within the boundary of said district lying westerly or southerly of said line.

3. In connection with the exclusion mentioned in paragraph 1, the natural flow of the Owens River at Pleasant Valley Gauging Station to be divided or apportioned on the basis of 33% to lands in territory mentioned in paragraph 1, and 67% of such natural flow to lands in territory mentioned in paragraph 2.

4. The District to have charge and control of the aforesaid division of river flow between the City and the District as aforesaid, and to deliver the City's share, together with the waters of Fish Slough, measured at its point of delivery into Owens River, in said river, at Zurich Bridge, less the amount of the water diverted between Pleasant Valley and said bridge on lands described in paragraph 1.

5. The City to have the privilege, at its election, to impound the flow of Owens River and its tributaries at a point or points upstream from intake of Owens River Canal, subject to discharge from such storage of water for the benefit of the District in supplying lands mentioned in paragraph 2 in conformity with the following schedule as measured at said Pleasant Valley Measuring Station:

For	the	month	of	April	200	second	feet,
"	"	"	"	May	274	"	"
"	"	"	"	June	350	"	"
"	"	"	"	July	339	"	"
"	"	"	"	August	...274	"	"
"	"	"	"	September	..200	"	"

All other waters above said schedule, as measured at Pleasant Valley, to be delivered by the District to the City as provided in paragraph 4. Operation of above schedule to become effective when a minimum capacity of 68,000 acre feet is provided.

6. The draft on the Long Valley Reservoir for power purposes during the months of October, November, December, January, February and March shall not be in excess of an average of 300 second feet.

7. When a shortage of stream flow is forecast after storage is installed, the shortage shall be made up from wells installed and regulated as hereinafter provided.

8. The City to expend $100,000 in sinking and fully equipping wells at points to be selected by the chief engineer of the District and the chief engineer of the Bureau of Water Works & Supply of the City, within the boundaries of the district. If the aggregate production of such wells is less than 100 second feet, then the City will sink and fully equip additional wells at points so to be selected until an aggregate production from all wells of 100 second feet is secured, or until the total expenditures by the City equal $200,000, subject to the right of the City, after the first $100,000 has been expended, to invoke a determination of an engineering board of arbitration as to further developments and expenditures within said limit of $200,000.

9. The City to receive 33% of the water pumped or produced by said wells, to be delivered to the city in the natural channel of Owens River at Zurich Bridge, limited however, by the difference between 33% of the natural flow and a schedule as follows:

For	the	month	of	April	80	second	feet,
"	"	"	"	May	110	"	"
"	"	"	"	June	140	"	"
"	"	"	"	July	135	"	"
"	"	"	"	August	110	"	"
"	"	"	"	September	80	"	"

so far as the same may be supplied by the wells installed.

10. The City is to pay cost of pumping all water of which it makes beneficial use. The District is to have all pumped water during the irrigation season required to meet its demands under schedule prescribed in paragraph 5 hereof, the City to receive its proportion at any time during the year when the District does not need the pumped water to meet its demand.

11. The District to provide all necessary rights, permits and rights of way required for the sinking of said wells and the pumping or extraction of water by means thereof

and the delivery of water produced thereby as above provided.

12. The City and District shall each proceed actively and with due diligence to fulfill their respective obligations as above outlined and fully carry out the same within three years.

That the president and secretary of the board be, and they are hereby, authorized in the name and on behalf of the board to execute such agreement between the City of Los Angeles and the Owens Valley Irrigation District.

I HEREBY CERTIFY, that the foregoing is a full, true and correct copy of a resolution adopted by the Board of Public Service Commissioners of the City of Los Angeles at its meeting held July 25, 1923.

JAS. P. VROMAN,
Secretary.

EXHIBIT NO. 6.

RESOLUTION OF THE BOARD OF PUBLIC SERVICE COMMISSIONERS OF THE CITY OF LOS ANGELES.

WHEREAS, complaint has been made on behalf of the people in certain parts of Owens Valley that the City's purchases of land and water in that section, in connection with its aqueduct system, have been very detrimental to the maintenance of the agricultural development of the valley and to the welfare of the towns located therein; and,

WHEREAS, the members of the board, with its engineers and assistants, in pursuance of an invitation from representative citizens of Owens Valley, recently visited the valley for the purpose of investigating on the ground the conditions from which said complaints have arisen, and, besides being made the recipients of every courtesy from the people of the valley, were enabled with their co-operation to obtain more complete knowledge of such conditions and of possible plans for remedying the same; and,

WHEREAS, the consulting engineers on water supply of the City of Los Angeles, appointed pursuant to an understanding between this board and the board of directors of the Los Angeles Chamber of Commerce, made a report, under date of August 14, 1924, from which it appears that through a proper and practicable handling of the water resources of the valley, sufficient water could be provided to keep the aqueduct full and, in addition thereto, irrigate approximately 30,000 acres of land every year in the upper portion of the valley, including Round Valley; and,

WHEREAS, the members of the board on such visit were made to feel by expressions from residents of the valley on every hand, that the majority of the people located there are convinced of the economic value of that region and desire that it may be protected and preserved as an agricultural entity; and,

WHEREAS, it is the desire of this board, so far as consistent with its official duties, to refrain from any course calculated to hinder or hurt the development and prosperity of Owens Valley;

NOW, THEREFORE, BE IT RESOLVED:

That the policy of the City in providing water for its aqueduct from Owens Valley, shall conform to the following principles:

1. The City, in harmony with said engineering report and with what appears to be the prevailing sentiment of Owens Valley, to leave permanently under irrigation in the upper portion of said valley, including Round Valley, as large areas of land as may be consistent with provision of full aqueduct supply from said territory.

2. Such irrigated areas, containing approximately 30,000 acres of land, to be left in as compact bodies as practicable.

3. The City to do all in its power to bring about the development, conservation and handling of the water resources of the valley, both surface and subterranean, under some plan that would at least insure a full supply for said irrigated areas as well as said aqueduct.

4. The City, in all practicable ways within its powers, to assist in the maintenance and upbuilding of permanent communities in the valley, including the securing of necessary highway improvements and additional transportation facilities.

That a committee of three be appointed by the president to enter into conferences and negotiations with the people of the valley for the purpose of putting said policy into effective operation.

I HEREBY CERTIFY that the foregoing is a full, true and correct copy of a resolution adopted by the Board of Public Service Commissioners of the City of Los Angeles at its meeting held October 14, 1924.

(Seal)

JAS. P. VROMAN,
Secretary.